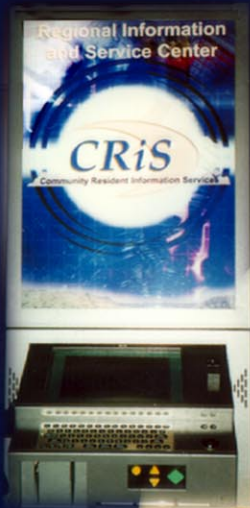


County of Fairfax, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002



16

**Fairfax County
Government Channel**



"Bringing Government to the People..."

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002



Department of Finance

12000 Government Center Parkway, Suite 214
Fairfax, Virginia 22035
(703) 324-3120



COUNTY OF FAIRFAX, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2002

TABLE OF CONTENTS

	Page
<hr/> INTRODUCTORY SECTION	
Letter of Transmittal	V
Directory of Officials	XIX
Organizational Chart	XXI
Certificate of Achievement for Excellence in Financial Reporting	XXIII
<hr/> FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
<u>Exhibit</u>	<u>Government-wide Financial Statements</u>
A	Statement of Net Assets
A-1	Statement of Activities
<u>Fund Financial Statements</u>	
A-2	Balance Sheet – Governmental Funds with Reconciliation
A-3	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds with Reconciliation
A-4	Budgetary Comparison Statement – General Fund (Budget Basis)
A-5	Statement of Net Assets – Proprietary Funds
A-6	Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds
A-7	Statement of Cash Flows – Proprietary Funds
A-8	Statement of Fiduciary Net Assets
A-9	Statement of Changes in Plan Net Assets – Pension Trust Funds
<u>Government-wide Financial Statements – Component Units</u>	
A-10	Combining Statement of Net Assets – Component Units
A-11	Combining Statement of Activities – Component Units
<u>Notes to the Financial Statements</u>	
A.	Summary of Significant Accounting Policies
B.	Deposits and Investments
C.	Property Taxes
D.	Receivables

Table of Contents

E.	Interfund Balances and Transfers.....	64
F.	Capital Assets.....	65
G.	Retirement Plans	69
H.	Risk Management.....	76
I.	Long-Term Obligations	77
J.	Long-Term Commitments	88
K.	Contingent Liabilities.....	93
L.	Accounting Changes	93
Required Supplementary Information.....		97

Other Supplementary Information

<u>Exhibit</u>	<u>Governmental Funds</u>	
B	Budgetary Comparison Schedule – General Fund (Budget Basis).....	100
C	Combining Balance Sheet – Nonmajor Governmental Funds	104
C-1	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	105
D	Combining Balance Sheet – Special Revenue Funds	110
D-1	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds	114
	Budgetary Comparison Schedules – Special Revenue Funds (Budget Basis):	
D-2a	County Transit Systems Fund	118
D-2b	Federal/State Grant Fund.....	119
D-2c	Aging Grants and Programs Fund.....	120
D-2d	Information Technology Fund	121
D-2e	Cable Communications Fund.....	122
D-2f	Fairfax-Falls Church Community Services Board Fund.....	123
D-2g	Reston Community Center Fund.....	124
D-2h	McLean Community Center Fund.....	125
D-2i	Burgundy Village Community Center Fund.....	126
D-2j	Forest Integrated Pest Management Program Fund.....	127
D-2k	Consolidated Community Funding Pool Fund.....	128
D-2l	Contributory Fund	129
D-2m	E-911 Fund	130
D-2n	Leaf Collection Fund	131
D-2o	Refuse Collection and Recycling Operations Fund	132
D-2p	Refuse Disposal Fund	133
D-2q	Energy Resource Recovery Facility Fund	134
D-2r	I-95 Refuse Disposal Fund	135
D-2s	Community Development Block Grant Fund	136
D-2t	Housing Trust Fund	137
D-2u	HOME Investment Partnership Grant Fund	138
E	Combining Balance Sheet – Debt Service Funds.....	140
E-1	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Debt Service Funds.....	141
	Budgetary Comparison Schedules – Debt Service Funds (Budget Basis):	
E-2a	County Debt Service Fund	142
E-2b	School Debt Service Fund	143

Table of Contents

F	Combining Balance Sheet – Capital Projects Funds	148
F-1	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Funds	152

Internal Service Funds

G	Combining Statement of Net Assets – Internal Service Funds	158
G-1	Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	160
G-2	Combining Statement of Cash Flows – Internal Service Funds	162

Fiduciary Funds

H	Combining Statement of Fiduciary Net Assets.....	168
H-1	Combining Statement of Changes in Plan Net Assets – Pension Trust Funds	171
H-2	Combining Statement of Changes in Assets and Liabilities – Agency Funds	172

Capital Assets

I	Schedule by Source – Capital Assets Used in Operation of Governmental Funds	177
I-1	Schedule by Function and Activity – Capital Assets Used in Operation of Governmental Funds	178
I-2	Schedule of Changes by Function and Activity – Capital Assets Used in Operation of Governmental Funds	180

Component Units

Fairfax County Public Schools :

J	Balance Sheet with Reconciliation – Governmental Funds	183
J-1	Statement of Revenues, Expenditures, and Changes in Fund Balances with Reconciliation – Governmental Funds	184
J-2	Budgetary Comparison Schedule – General Fund (Budget Basis).....	185
J-3	Combining Balance Sheet – Governmental Funds	186
J-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	187
	Budgetary Comparison Schedules – Special Revenue Funds (Budget Basis):	
J-5a	Food and Nutrition Services Fund.....	188
J-5b	Grants and Self-Supporting Programs Fund	189
J-5c	Adult and Community Education Fund	190
J-6	Combining Statement of Net Assets – Internal Service Funds	191
J-7	Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	192
J-8	Combining Statement of Cash Flows – Internal Service Funds	193
J-9	Statement of Fiduciary Net Assets	194
J-10	Statement of Changes in Plan Net Assets – Pension Trust Fund	195
J-11	Statement of Changes in Assets and Liabilities – Agency Fund.....	196

Table of Contents

Fairfax County Redevelopment and Housing Authority:

K	Statement of Net Assets	198
K-1	Statement of Revenues, Expenses, and Changes in Net Assets	199
K-2	Statement of Cash Flows.....	200

Fairfax County Park Authority:

L	Balance Sheet with Reconciliation.....	202
L-1	Statement of Revenues, Expenditures, and Changes in Fund Balances with Reconciliation	204
	Budgetary Comparison Schedules (Budget Basis):	
L-2a	General Fund (Financed by County General Fund)	206
L-2b	Park Revenue Fund.....	207

Fairfax County Economic Development Authority:

M	Balance Sheet with Reconciliation.....	210
M-1	Statement of Revenues, Expenditures, and Changes in Fund Balances with Reconciliation	211
M-2	Budgetary Comparison Schedule – General Fund (Financed by County General Fund) (Budget Basis).....	212

STATISTICAL SECTION

Table

1	Expenditures by Function – Last Ten Fiscal Years.....	214
2	Revenues by Source – Last Ten Fiscal Years.....	214
3	Property Tax Levies and Collections – Last Ten Fiscal Years.....	216
4	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	216
5	General Property Tax Rates – Last Ten Fiscal Years.....	217
6	Property Tax Rates and Tax Levies – All Overlapping Governments – Last Ten Fiscal Years.....	217
7	Principal Real Estate Taxpayers.....	218
8	Computation of Debt Margin	218
9	Comparative Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property and Net Bonded Debt Per Capita – Last Ten Fiscal Years.....	219
10	Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to General Fund Expenditures and Operating Transfers Outs – Last Ten Fiscal Years.....	219
11	Computation of Direct and Overlapping and Underlying Debt	220
12	Schedule of Revenue Bond Coverage for the Integrated Sewer System – Last Ten Fiscal Years.....	220
13	Demographic Statistics – Last Ten Fiscal Years.....	221
14	Construction and Property Values – Last Ten Fiscal Years	221
15	Miscellaneous Statistical Data	222
16	Continuing Bond Disclosure Supplementary Data.....	224



FAIRFAX COUNTY

12000 Government Center Parkway

Fairfax, Virginia 22035

VIRGINIA

The Board of Supervisors
County of Fairfax
Commonwealth of Virginia

November 22, 2002

Madam Chairman and Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for the fiscal year ended June 30, 2002, in accordance with the *Code of Virginia*. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs.

The letter of transmittal is traditionally addressed to the governing or legislative body. We believe that the CAFR should be management's report to constituents, oversight bodies, resource providers, investors and creditors. This letter is addressed to you, and by wide circulation it is also directed to the citizens of Fairfax County and all other interested readers. In addition to complying with legal requirements, Fairfax County has a strong tradition of full financial disclosure. This transmittal letter, the financial statements, supplemental data, and the statistical tables contained herein reflect this philosophy.

This year's CAFR is presented using the new financial reporting model as prescribed by the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). The changes required are described extensively in the Management's Discussion and Analysis (MD&A) in the Financial Section of the CAFR.

Our CAFR is divided into three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of the County's principal elected and appointed officials, the organizational chart, and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the independent auditors' report, MD&A, Basic Financial Statements, including the notes, and Required Supplementary Information. In addition, the financial section contains supplemental data, consisting of combining, individual fund, and component unit financial statements and schedules. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis. The Single Audit Report, which is required for federal grant recipients, is issued separately.

All the financial activities of the reporting entity are included within this report. As used here, the reporting entity comprises the primary government (County of Fairfax as legally defined) and its component units. Under GASB pronouncements, component units are legally separate entities for which the primary government is financially accountable. The component units of the County include both blended component units and discretely presented component units. Blended component units, although

legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Solid Waste Authority of Fairfax County, the Small District One and the Small District Five are reported as part of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, changes in financial position, and cash flows from those of the primary government. The Fairfax County Public Schools, the Fairfax County Redevelopment and Housing Authority, the Fairfax County Park Authority, and the Fairfax County Economic Development Authority are reported as discretely presented component units.

GOVERNMENTAL STRUCTURE

The County is located in the northeastern corner of Virginia and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D.C. metropolitan area, which includes jurisdictions in Maryland and Northern Virginia, and the District of Columbia.

The Fairfax County government is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors, which sets policy for the administration of the County. The Board of Supervisors comprises ten members: the Chairman, elected at-large for a four-year term, and one member from each of nine districts, elected for a four-year term by the voters of the district in which each member resides. The Board of Supervisors appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board of Supervisors.

Cities and counties in Virginia are discrete units of government that under Virginia law may not be overlapping districts. Fairfax County surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Properties within these cities are not subject to taxation by Fairfax County, and the County generally is not required to provide governmental services to their residents. The County does, however, provide certain services to the city residents pursuant to inter-municipal agreements.

The incorporated towns of Clifton, Herndon, and Vienna are underlying units of government within the County. The ordinances and regulations of the County, with certain limitations prescribed by State law, are in effect. Properties in these towns are subject to County taxation, and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the approval of the County.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

In spite of the economic slowdown at the national level, Fairfax County's economy started out relatively strong in fiscal year 2002. However, with the tragic events of September 11th and the continued recession occurring at the national level, the County's economy has been affected. The County's Coincident Index, which measures the current state of the Fairfax County economy, fell in August 2002 for the fourth time in five months. The reduction indicates that the County's economy has worsened from the same time last year. The region has been hit especially hard in the technology sector due to layoffs and business closings

and cutbacks. The County's direct office vacancy rate rose to 10.2 percent as of midyear 2002. This is the highest vacancy rate recorded since the last downturn in the office market in 1993. Including available sublet space, the midyear 2002 office vacancy rate was 16.5 percent.

While there are signs of recovery, the County's economy continues to struggle due to weakening of the national economic recovery. The sluggish job growth and uncertainty among investors and consumers has slowed the recovery process. The Leading Index, which forecasts performance of the County's economy nine to twelve months in advance, has been showing an upward trend since the sharp drop in September 2001 and is tracking slightly above its historical trend line. This trend indicates that the economy is expected to improve, albeit at a slow pace, through the fourth quarter of 2002 and into 2003.

The residential housing market continues to thrive in the County. Growth in the median sales prices for both existing and new home sales has been strong. This trend is likely to continue as long as interest rates remain low and the demand for housing outstrips the supply. Recent declines in initial claims for unemployment indicate that lay-offs are slowing. As the economy slowly expands, job growth is expected to rise, which will support further expansion in 2003.

Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (EDA) whose commissioners are appointed by the Board of Supervisors. The EDA promotes Fairfax County as a preferred location for business start-up, relocation, and expansion; capital investment; and business travel and events. It works with new and existing businesses to help identify their facility and site needs and assists in resolving County-related issues. Pursuant to its enabling legislation, the EDA encourages investment in the County with tax-exempt industrial revenue bond financing.

Through its Convention and Visitors Bureau, the EDA attracts meetings, conferences and business travel to the County and encourages local private sector support for this effort. The EDA also draws visitors to the County's historic, cultural and recreational attractions.

The Center for Innovative Technology, chartered by the Commonwealth of Virginia in 1985, promotes economic development and competitiveness through many programs designed to promote Virginia as a leader in technology. It offers a wide variety of services to technology-based businesses through its relationships with state colleges and universities, regionally-based manufacturing centers, business organizations, and federal laboratories.

The base of technology-oriented companies, particularly in computer software development, computer systems integration, telecommunications, and Internet and Internet-related services, has served as a strong magnet for the expansion and attraction of business and professional services. Fairfax County continues to attract a range of technology companies from Internet and information technology services, to aerospace and biotechnology companies. The Gannett Company built its headquarters in Tysons Corner and became the sixth Fortune 500 company based in Fairfax County. Other major corporations that have located their corporate headquarters in Fairfax County include American Management Systems, BTG, Booz-Allen & Hamilton, Cable & Wireless Communications, CapitalOne Financial, Federal Home Loan Mortgage Corporation, General Dynamics, Leica Microsystems, Logicon, Oracle, and the Student Loan Marketing Association.

The total inventory of office space in the County was estimated at 97.6 million square feet in 2001. Industrial/hybrid space in the County was estimated at 36.2 million square feet. The vacancy rates for the office market and industrial/hybrid markets were 6.4 percent and 4.6 percent, respectively, in 2001. Fairfax County is the tenth largest suburban office market in the United States.

As of 2001, there were 79 hotels with 75 or more rooms completed or under construction in the County, totaling more than 14,500 hotel rooms. This development parallels commercial construction in terms of diversity of concept and design with new product and service mixes (all suites, business meeting facilities, and recreational facilities) brought into the marketplace. National chains such as AmeriSuites, Best Western, Comfort Inn, Doubletree, Embassy Suites, Hampton Inn, Hilton, Holiday Inn, Hyatt, Marriott, Motel 6, Ritz-Carlton, and Sheraton currently have a wide range of hotel facilities in the County.

The 16-mile Dulles Toll Road provides access from Washington, D. C. through Tysons Corner and Reston-Herndon (the largest business centers in the County) to Washington Dulles International Airport, on the County's western edge. Additionally, a 14-mile extension of the Dulles Toll Road, the privately financed Dulles Greenway, connects the airport with Leesburg, west of Fairfax County in Loudoun County.

Washington Dulles International Airport has experienced a significant increase in service levels and demand in recent years, serving as a catalyst for corporate activities dependent on immediate access to air travel. Dulles serves nearly 60,000 passengers daily with nonstop flights to 72 U.S. cities and 26 foreign markets. On the East Coast, the airport is the fifth largest international gateway. Eighteen million passengers, including more than 3.7 million international travelers, flew in and out of Washington Dulles in 2001. In March 2002, the airport opened its first parking garage providing customers with 3,700 daily parking spaces. The airport's capital improvement project continues with the construction of an underground rail line between the terminal and the concourses, an additional runway, and an air traffic control tower. However, construction of the new 44-gate mid-field concourse has been delayed due to declining revenues post-September 11th.

In January 1990, the Smithsonian Board of Regents selected 176 acres of Washington Dulles International Airport as the site for the Smithsonian National Air and Space Museum, Dulles Center. More than 280 rare and historic aircraft and spacecraft including the Space Shuttle Enterprise will be displayed at Dulles Center, a \$238 million expansion of the airport. Ground breaking for the 760,000 square-foot museum was held in October 2000, and construction began in January 2001. The doors are slated to open in time to celebrate the 100th anniversary of the Wright Brothers' first powered flight on December 17, 1903.

The Board of Supervisors and the County have supported the redevelopment of the County's more mature business areas. The revitalization of seven designated commercial areas of the County is underway in Annandale, Bailey's Crossroads/Seven Corners, the Lake Anne section of Reston, the Springfield and McLean central business districts, Merrifield, and the Richmond Highway corridor in the southeastern portion of the County. A number of capital improvements to the streetscapes, such as new sidewalks, trees, and upgraded street lighting, have enhanced these communities. Additionally, a new South County Government Center opened its doors to serve the residents of Southeastern Fairfax County.

Employment

Approximately 28,000 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services, are located within Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration; telecommunications; Internet and Internet-related services; wholesale and retail trade; and financial services.

While the unemployment rate in the County has risen to 2.9 percent in July 2002 from an average of 2.3 percent during 2001, it continues to be well below national and statewide averages. State and national 2001 unemployment rates were 3.5 percent and 4.8 percent, respectively. Through the efforts of the EDA, more than 11,500 jobs were added by 164 companies and overall, approximately 22,000 jobs were added to the County's economy during 2001, bringing the number of jobs to approximately 558,000.

Demographic Information

Fairfax County added an average of about 22,200 persons per year to its population between 1980 and 1990. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. metropolitan area, as defined by the U.S. Bureau of the Census. By 1990, Fairfax County, with 818,584 residents, had become the most populous jurisdiction. Population growth during the 1990s slowed somewhat in Fairfax County. On average, about 14,200 persons per year were added to the population between 1990 and 2000. The current population is approximately one million and it is anticipated that the population will continue to grow at a rate of approximately 10,000 per year through 2020. Based on the results of the 2000 Census, Fairfax County had an annual median household income of \$82,000 and almost 16 percent of County households had annual family incomes of \$150,000 or more.

Single-family detached housing units continue to account for more than a half of all housing units within Fairfax County, representing 50.3 percent of the total in 2001. Townhouses account for 24.4 percent and the remaining 25.3 percent is comprised of garden units, high-rise and mid-rise units, multiplex units, and mobile homes. As of January 2001, the median market value of owned housing units (including condominiums) in Fairfax County was estimated to be \$229,238.

Public Schools

Fairfax County Public Schools (FCPS), with a student population of 161,385 in fiscal year 2002, is the largest educational system in the Commonwealth of Virginia and is the twelfth largest in the continental United States. The School Board is composed of nine magisterial (election) district representatives plus three at-large members with each member serving a four-year term. A student representative, selected for a one-year term, participates in discussions but does not vote. The operating costs of FCPS are provided primarily by transfers from the General Fund of the County to FCPS; additional funds are provided by the federal government and the Commonwealth of Virginia. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds of the County. FCPS has developed a wide variety of programs designed to meet the individual needs of students and to enhance academic achievement. A full range of programs, such as English for speakers of other languages (ESOL), intervention initiatives, Head Start, special needs schools, meals for disadvantaged children, and grade one reduced ratio serving at-risk students, are operated by FCPS. Two major initiatives, Project Excel and Success by Eight, have been implemented to improve student achievement in the early years.

Programs for gifted students are available at all grades in all schools and qualified students may attend Thomas Jefferson High School for Science and Technology (TJHSST), which is designated as one of the Governor's magnet schools for science and technology. Students from other Northern Virginia counties are admitted to TJHSST on a tuition-paying basis. There is a strong academic program Countywide for college-bound students. Approximately 92 percent of high school graduates continue on to post-secondary educational programs. The National Merit Scholarship Corporation announced that 198 FCPS seniors had been named semifinalists in the 2003 National Merit Scholarship program. TJHSST had 153 semifinalists, making it the number one school in the nation for 12 of the last 13 years based on the number of semifinalists. This year's 198 semifinalists make up half of Virginia's semifinalists. In 2002, FCPS students registered an average combined verbal and math SAT score of 1096. The combined average score for Virginia was 1016 and the national average was 1020.

An extensive program for students pursuing opportunities in technical careers also has been developed. Various courses are offered in business, health occupations, industrial technology, marketing, trade and industrial, and work and family studies program areas. In addition, there are special programs offered for gifted children and for physically-challenged children ages 2 through 21. A comprehensive summer school program for students in the general academic program as well as for special education students is offered. FCPS also provides an extensive adult education program offering basic education courses and general education, vocational, and enrichment programs.

Colleges and Universities

The George Mason University (GMU) and Northern Virginia Community College (NVCC) represent the two largest higher education institutions located in Fairfax County. For 2001-2002, GMU had an enrollment of approximately 23,400 students in more than 100 disciplines, including doctoral programs, while the Northern Virginia Community College had approximately 60,000 students in 30 credit-earning programs and 300,000 students in non-credit courses and public service activities in five campuses in Northern Virginia. NVCC has broken ground on a biomedical training campus in the County's Springfield community. Other institutions of higher education located in Fairfax County include Averett University, the Keller Graduate School of Management, National-Louis University, the Virginia Polytechnic Institute and State University, and the University of Virginia – the latter two located in the Northern Virginia Graduate Center - and the recently opened University of Virginia Darden School of Business. American University, George Washington University, Catholic University and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County.

Cultural Programs

Wolf Trap Farm Park for the Performing Arts, a cultural facility internationally renowned for the number and quality of its ballet, symphony, concert, and opera offerings, and the only national park for the performing arts in the U.S., is located in the northern part of Fairfax County. The County also assists in supporting the Fairfax Symphony, an internationally recognized 94-member orchestra that provides a variety of musical programs and outreach services to County residents. Other well-known attractions in the County include Mount Vernon, the home of George Washington; Woodlawn Plantation, George Washington's wedding gift to his nephew; and Gunston Hall, home of George Mason, author of the U.S. Bill of Rights and the first Constitution of Virginia.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Bringing Government to the People

As part of the County's commitment to bring services closer to its citizens, a new South County Government Center located in the southeastern part of the County was opened this year. This center has consolidated County services into a "one-stop" service center for the citizens of Southeastern Fairfax County. The building is occupied by a variety of County agencies and includes a state-of-the-art Job Source Center. Located next to the main lobby is an Access Fairfax Center where citizens can use County computers to find information about County services and conduct business online with agencies.

An interactive kiosk program known as CRiS (Community Resident Information Services) was initiated by the County to provide an alternative way of obtaining information and conducting business transactions at convenient locations and times. The recently upgraded kiosks comply with the Americans with Disabilities Act (ADA) provisions and are equipped with a touch screen monitor, credit card reader, bar code scanner, and a MICR reader for check processing. Currently, there are 25 kiosks located throughout the County in public libraries, regional shopping malls, government centers and other public locations.

Another initiative undertaken by the County, called the Interactive Voice Response (IVR) system, allows residents to access information and conduct business anywhere there is a touch-tone telephone. Almost half of all County agencies have implemented the IVR system, which currently takes 78,000 calls per month, with approximately 15 percent of calls taken outside of normal business hours. Some of the applications connected to the IVR system are: general information line, County Courts information line including credit card payment of traffic tickets, inspection requests and status, tax payments, fax-on-demand of real estate assessment information, and victim services information line. The Fairfax County Web Site and cable TV channel 16 are other methods used to bring data and services to the citizens 24 hours a day.

Investing for the Future

The County has embarked on a strategic thinking and planning initiative that will draw upon the talents and skills of all employees to meet changing customer needs. This initiative ensures that County programs are appropriately aligned with the expectations of the community; establishes a unified and articulated plan that can be communicated to all employees; and ensures that limited resources are appropriately allocated to achieve the objectives of the community as determined by the Board of Supervisors. Each agency has been directed by the County Executive to develop its own strategic plan that will help achieve the County's vision and values.

To assist in this initiative, a leadership development program (LEAD) was implemented in partnership with the University of Virginia's Weldon Cooper Center for Public Service. The LEAD program emphasizes key concepts related to building high-performance organizations, developing a shared approach to leading and managing, and creating parallel organizations that engage all levels of employees. Departments and agencies are encouraged to tap into the strengths of their employees to improve service delivery. Many managers have attended this training and the program is now available to staff members. The County Executive has challenged employees to be leaders and to continue to develop the organization's capacity to think and plan strategically.

Improving Quality of Life

Fairfax County's strong commitment to continue enhancing the quality of life for its residents is evidenced by the Board of Supervisors' actions to preserve open space and invest in public safety and education.

The County has donated approximately 1,500 acres of undeveloped land to the Park Authority to bring the total County parkland to more than 21,000 acres. Additionally, the County acquired from the Federal Government the former Lorton prison complex site which is approximately 2,300 acres. A majority of this land will be devoted to open space, parkland, and recreational areas. The remaining area is planned for public facilities, such as public schools, as well as institutional uses for cultural and higher educational facilities. The County is currently working with the Lorton community to finalize plans for the area. The voters approved a \$20 million bond referendum on November 5, 2002, that will provide funding for acquiring additional parkland, improving existing parks and constructing park facilities.

Education and public safety continue to be among the top priorities for the County. The County funds more than 73 percent of the total operating costs for the public school system, which has received a "Gold Medal" rating from Expansion Management magazine. The rating results are used by businesses to evaluate communities in which they are considering locating new facilities. To support the County's commitment to public safety, resources were provided in fiscal year 2002 to add 54 public safety-related positions. As with the park bond referendum, the voters approved a public safety bond referendum of \$60 million in November 2002 to assist in funding public safety facilities – including a public safety communications center and an emergency operations center – and renovate existing facilities.

FINANCIAL INFORMATION

Ten Principles of Sound Financial Management

The keystone to the County's ability to maintain its fiscal integrity is the continuing commitment of the County's Board of Supervisors. This commitment is evidenced by the Board's adoption in 1975 of County-developed policies, collectively known as the *Ten Principles of Sound Financial Management*, which remain the policy context in which financial decisions are considered and made. These principles relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources. From time to time the Board of Supervisors has amended these principles in order to address the changing economic conditions and management practices.

Budgetary and Accounting Controls

The *Code of Virginia* requires that the County adopt a balanced budget. The County maintains extensive budgetary controls at certain legal and managerial/administrative levels. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained and controlled at the fund, department, and character or project level. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.

The County's budget is adopted by May 1 for the upcoming fiscal year which commences on July 1. The two budget reviews, the Carryover Review and the Third Quarter Review, serve as the primary mechanism for revising appropriations. State law requires that a public hearing be held prior to the

adoption of amendments to the current year budget when adjustments exceed \$500,000. In addition, any amendment of \$500,000 or more requires that the Board advertise a synopsis of the proposed changes.

In September 1999, the Board of Supervisors approved the establishment of a Revenue Stabilization Fund, which is included in the General Fund for reporting purposes, to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. The Board established the fund within the condition that it will not be used as a method of addressing the demand for new or expanded services, but will be used solely as a financial tool in the event of an economic downturn, and then only under certain parameters. The Revenue Stabilization Fund has a targeted balance of 3.0 percent of General Fund disbursements and is separate and distinct from the County's 2.0 percent Managed Reserve, which was initially established in fiscal year 1983. The aggregate of both reserves will not exceed 5.0 percent. As of June 30, 2002, the Revenue Stabilization Fund and Managed Reserve balances were \$27,492,910 and \$46,457,565, respectively.

The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the County also is responsible for maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management, the internal audit staff of the County, and independent auditors.

As part of the County's single audit, tests were made of the County's internal control structure and of its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. This testing of major federal financial assistance programs for the year ended June 30, 2002, disclosed no material internal control weaknesses or material violations of laws and regulations. The Single Audit Report is published under separate cover.

Employee Retirement Systems

The County administers four separate public employee retirement systems that provide pension benefits for various classes of County employees, as described below:

Fairfax County Employees' Retirement System (ERS) - covers County and Public Schools employees who are not members of the Virginia Retirement System or other County-funded retirement plans.

Fairfax County Police Officers Retirement System (PORS) - covers uniformed members of the Fairfax County Police Department.

Fairfax County Uniformed Retirement System (URS) - covers uniformed employees of the Fire and Rescue Department and the Office of Sheriff, park police, helicopter pilots, and game wardens who are not covered by other County-funded retirement plans or by the Virginia Retirement System.

Educational Employees' Supplementary Retirement System of Fairfax County - covers full-time educational and civil service employees of the Fairfax County Public School System.

The operations of the four County employee retirement systems remained stable in fiscal year 2002. As of July 1, 2001, the combined actuarial value of assets compared to the combined actuarial accrued liability resulted in a funded percentage of 100.12. At July 1, 2000, this percentage was 103.14. Employee and employer rates of contribution and other pertinent data related to the County's retirement systems are described more fully in the notes to the financial statements and the required supplementary information.

Effective fiscal year 2003, the County has adopted a new methodology referred to as the "Corridor Method" for funding the ERS, PORS, and URS. The Corridor Method of funding assigns a fixed contribution rate to each of the retirement systems, and the County contributes at that fixed rate unless the funding ratio falls outside of a pre-selected range for each of the systems. This method is designed to reduce the future fluctuations of the employer contribution rates and adequately fund the retirement systems.

Debt Administration

Fairfax County borrows money by issuing tax-exempt general obligation bonds to finance major capital projects. Bond financing spreads the cost of land acquisition and building construction over a period of many years, rather than charging the full cost to current taxpayers. By law, general obligation bonds must be approved in advance by County voters in a referendum. The County continues to maintain its status as a top rated issuer of tax-exempt securities. The County has the highest credit ratings possible for a local government for its general obligation bonds: Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investor Service. The County has had an Aaa rating since October 1975 when it first received a rating from Moody's. Standard and Poor's Corporation first gave Fairfax County an AAA rating in October 1978, and Fairfax County has maintained that rating. The Fitch Investor Service rating was first received in the spring of 1997, and has been maintained since then.

Factors contributing to Fairfax County's high credit rating include recognized excellence in financial management, excellent tax collections, low debt ratios, and high income levels. As of fiscal year 2002, only 9 of 50 states, 19 of 3,107 counties, and 10 of the 22,529 cities in the U.S. have such high bond ratings from all three rating agencies. The high credit ratings enable Fairfax County to sell bonds at interest rates significantly lower than those of most municipalities, representing substantial savings for County taxpayers throughout the life of the bonds.

The details of bonds outstanding and bonds authorized-but-not-issued are shown in Note I to the financial statements. Tables 8 through 12 of the Statistical Section provide detailed historical information regarding the debt position and debt service requirements of the County.

Cash Management

The County maintains a self-managed investment program under the direction and oversight of an Investment Committee. The committee comprises the Director of the Department of Finance (Committee Chairman), the Chief Financial Officer, the Director of the Department of Tax Administration, the Director of the Department of Management and Budget, and certain employees within the Department of Finance. Guided by a formal investment policy, the committee monitors daily

investment activity and evaluates investment strategies biweekly. The County's investment policies are thoroughly reviewed on a quarterly basis.

All cash except where restricted, including available bank balances, is pooled and invested. For fiscal year 2002, the average balance of the pooled cash investment portfolio was approximately \$1.5 billion, with an average yield of 2.5 percent. Investments purchased by the County are held in the County's name by third-party trust custodians.

Risk Financing and Management

Since the inception of the risk management program in 1986, when a professional risk manager was hired, the County has established written policies and procedures relative to insurance and self-insurance, claims management and rehabilitation services, and employee safety and health programs. Risk management initiatives focus on cost-effective property and casualty insurance, programs to assess the risk of County contracts, medical management of long-term disability claims and vocational rehabilitation of the disabled employees, implementation of job safety policies to ensure compliance with the Occupational Safety and Health Act regulations, and aggressive pursuit of recoveries for damages caused to County property by third parties. The County self-insures workers compensation and liability risks with a retention of \$1 million, supplemented by commercial policies with limits of \$10 million. The County's risk management program has been recognized by the National Association of Counties and the Virginia Government Finance Officers' Association for its innovative and effective approach.

OTHER INFORMATION

Independent Audit

The County's financial statements have been audited as required by the *Code of Virginia* and have earned an unqualified opinion by the accounting firm of KPMG LLP. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Uniform Financial Reporting requirements for Virginia counties and municipalities as established by the Auditor of Public Accounts of the Commonwealth of Virginia. The report of the independent auditors on the basic financial statements can be found in the financial section of this annual report. The Single Audit Report, issued separately, contains the independent auditors' reports related specifically to the single audit.

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement for every year since 1977.

Distinguished Budget Presentation Award

The GFOA has presented the Award for Distinguished Budget Presentation to Fairfax County for its annual budget for each year since fiscal year 1987. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device.

Investment Policy Award

The Association of Public Treasurers of the United States and Canada has awarded the County a certification for its investment policy, confirming that the County met the high standards set forth by the Association. This is the fourth consecutive award to the County, which was the only jurisdiction in Virginia to receive this honor in 2002.

Governing Magazine Award

The County received an overall grade of A-, one of only two jurisdictions nationwide to receive the highest grade awarded in the study conducted by Governing Magazine and the Government Performance Project, which is managed by the Maxwell School of Citizenship and Public Affairs at Syracuse University. The study surveyed 40 counties nationwide and evaluated in-depth management practices in five areas: Financial Management, Capital Management, Human Resources Management, Information Technology Management, and Managing for Results, which included both strategic planning and performance measurement. Fairfax County was the only jurisdiction to receive a grade of A- or better in all five areas.

Annual National Association of Counties (NACo) Awards

The NACo awards are national recognition of significant innovative programs and activities that improve the organization, management or service of county governments. The County received the following nine NACo 2002 Achievement Awards for innovative programs:

Automated External Defibrillator (AED) Pilot Project – This project, ranked best in category, was created to provide critical medical assistance to employees and the citizens. The core program involved installing AED units and training employees to use them in Government facilities. Over 120 volunteers were trained and the units were installed throughout the three primary buildings of the Government Center Complex.

Citizens Using GIS in Redistricting – To improve the process of reapportionment and redistricting the Board of Supervisors' districts, a new system – the Geographical Information System (GIS) – was provided to a Citizen Advisory Committee to aid in drafting the boundaries. The Committee used Group Decision Support Software in conjunction with GIS applications to effectively make changes for the reapportionment and redistricting directly on the computer system rather than the slower hand generated method used ten years ago.

Refuse Collection – Increasing Operational Efficiency and Competitiveness – With the use of the GIS program, the County successfully changed the routes for its entire fleet of refuse collection vehicles. The use of this GIS program greatly simplified the tremendously complicated task of effectively balancing the routes to take an equal amount of time while incorporating load factors. With the added benefit of GIS maps for the routes, the program now allows for quicker responses to resident inquiries and missed pickups.

Administrative Support Study – This was an initiative to reclassify 32 job classes representing 2,000 positions and consolidate them into six career-linked administrative classes. The benefits of this County-wide reclassification included the updating of job descriptions and terminology to current industry standards, a reduction of ongoing reclassification requests, and the development of a clearly defined career ladder.

Affordable Fairfax – This is a series of new programs, leadership initiatives and forums to comprehensively address the affordable housing issues in Fairfax County. With the help of private support, a small investment by the County has yielded significant resources to make affordable housing in Fairfax an achievable goal. The programs created include a web site that provides a connection between those looking for affordable housing and those who help provide it.

Neighborhood Volunteer Program – To enhance neighborhood revitalization efforts along the Richmond Highway corridor, the County has trained volunteers to survey their neighborhood for properties exhibiting code violations and to send a friendly letter requesting the owners' cooperation in improving and maintaining their properties to benefit neighborhood quality. Eighty-five percent of the residents notified of violations voluntarily brought their properties into compliance. This working partnership between government and citizens fosters community pride and enhances overall quality of life.

Procurement Revenue Generation Program – This innovative program, now in its third year, is designed to generate revenue for the County through routine procurement activities. The County identifies opportunities to increase specific County contractors' revenues and/or reduce their costs, thereby increasing their bottom-line profits. The County then negotiates incentives and/or rebate arrangements that require the contractors to share their increased profits with the County in the form of monetary rebates paid to the County. This program has generated approximately \$900,000 in revenue to date.

Community Planning Process – In order to engage and serve newcomers to some established communities in the County, the Department of Community and Recreation Services (CRS) actively involves members of the community beyond the community advisory councils already in place. This effort helps address the changes in diversity and density of the population. The success of this planning process is demonstrated in the depth of commitment that the community makes to the community centers in the County.

Millennium Forum Series – The Millennium Forum series is a unique series of training seminars designed to help managers and employees think strategically as they anticipate the changing needs of County residents. The series is unique in its design and goal as it gives staff at all levels the opportunity to discuss how to adapt to demographic, technological, and social changes in Fairfax County.

Acknowledgments

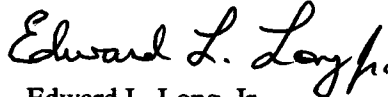
We express our sincere appreciation to all staff who contributed to this report, especially the members of the CAFR Project Team in the Financial Reporting and Accounting Operations Divisions of the Department of Finance, who prepared and compiled this report. We commend them for their professionalism, hard work and continued effort to improve this report. In addition, we acknowledge the cooperation and assistance of each County department throughout the year in the efficient administration of the County's financial operations.

This CAFR reflects our commitment to the citizens of Fairfax County, the Board of Supervisors, and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.


Respectfully,



Anthony H. Griffin
County Executive



Edward L. Long, Jr.
Chief Financial Officer



Robert L. Mears
Director of Finance

COUNTY OF FAIRFAX FAIRFAX, VIRGINIA

Urban County Executive Form of Government
As of June 30, 2002

BOARD OF SUPERVISORS

Katherine K. Hanley, Chairman
Gerald W. Hyland, Vice Chairman
Sharon Bulova
Gerald E. Connolly, Jr.
Cathy M. Hudgins
Michael R. Frey
Penelope A. Gross
Dana Kauffman
Elaine N. McConnell
Stuart Mendelsohn

At large
Mount Vernon District
Braddock District
Providence District
Hunter Mill District
Sully District
Mason District
Lee District
Springfield District
Dranesville District

Clerk to the Board
Nancy Vehrs

County Executive
Anthony H. Griffin

Deputy County Executives
Verdia L. Haywood
Robert A. Stalzer

Chief Financial Officer
Edward L. Long, Jr.

Chief Information Officer
David J. Molchany

Department of Management and Budget
Susan Datta, Director

Department of Finance
Robert L. Mears, Director

Department of Tax Administration
Kevin C. Greenlief, Director

Department of Purchasing and Supply Management
Armand E. Malo, Director

Office of the County Attorney
David P. Bobzien, County Attorney

Office of Public Affairs
Merni Fitzgerald, Director

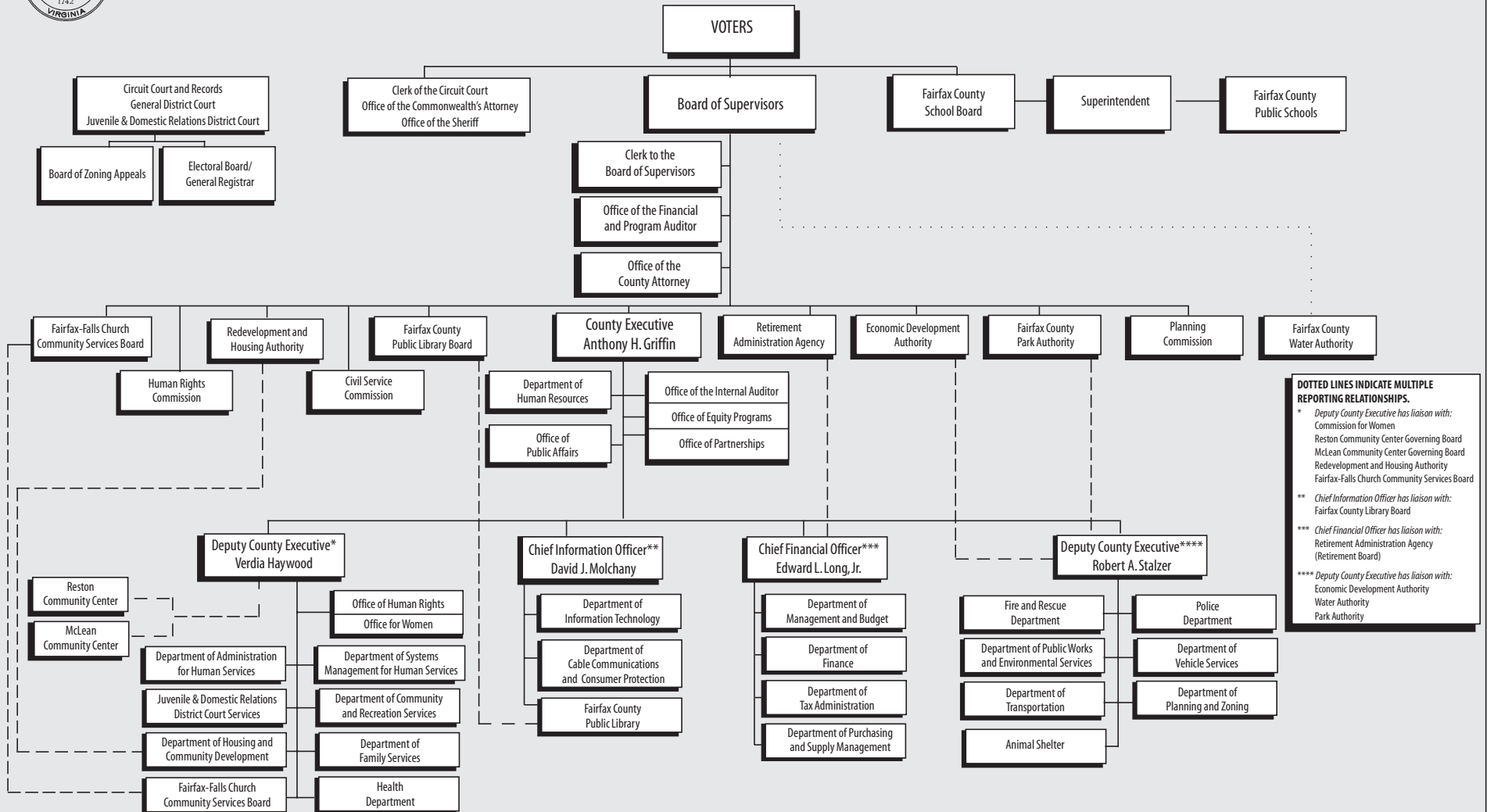
Internal Audit Office
Ronald Coen, Director

Independent Auditors
KPMG LLP





ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT



This report was prepared by:

**COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE**

12000 Government Center Parkway, Suite 214
Fairfax, Virginia 22035
www.fairfaxcounty.gov/gov/finance

DIRECTOR

Robert L. Mears

DEPUTY DIRECTORS

Victor L. Garcia, CPA

John D. Higgins

CAFR PROJECT TEAM

Susan Quinn, CPA, Chief, Financial Reporting Division
Shakeel Yusuf, CPA, Chief, Accounting Operations Division
Val B. Kehl, CPA, CPFO, CAFR Project Team Leader

Fadya Ameen

Ricky Brown, CPA

Anh Bui

Joel C. Comer

Indu Dhingra

Tanya A. Diamond, CPA

Sue Donelson

Leonard J. Freitick, CPA

Gloria Ho, CPA

William Jennings

Graciela Nieto

Raj Puri, CPA

Sam Soeur

Erin E. Summers, CPA, MPA

Terry Ty

Gary Zoellner, CPA

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fairfax,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy A. Howe
President

Jeffrey L. Esler
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement for every year since 1977.

Government Finance Officers Association
Award





2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the County), as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the County of Fairfax's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the discretely presented component units of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County representing 2.5% and 0.3%, respectively, of total assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's aggregate discretely presented component units financial statements, insofar as it relates to the amounts included for the discretely presented component units of FCRHA, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. All financial statements of the discretely presented component units of FCRHA were audited in accordance with auditing standards generally accepted in the United States of America, and certain financial statements of these discretely presented component units were also audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is
a member of KPMG International, a Swiss association.



As discussed in Note L to the basic financial statements, the County adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, effective July 1, 2001.

The Management's Discussion and Analysis on pages 3 through 15 and the pension trend data on pages 97 and 98 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2002 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information listed as introductory section, other supplementary information, and statistical section in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on it.

KPMG LLP

November 15, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2002.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34), which established new requirements and a new reporting model for the annual financial reports of state and local governments. The objective of the statement is to "enhance the understandability and usefulness of the general purpose financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors." This section is an element of the new reporting model that the County is required to present as part of its annual financial report.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is also contained in this CAFR.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

The County's total net assets (assets less liabilities) on a government-wide basis were \$975.4 million at June 30, 2002.

For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$2,572.4 million and expenses amounted to \$2,604.2 million. Revenues of the County's business-type activities were \$127.3 million and expenses were \$105.8 million.

Highlights for Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

The County's governmental funds reported revenues and other financing sources in excess of expenditures and other financing uses of \$59.4 million for the fiscal year.

The County's General Fund reported a fund balance of \$126.8 million, an increase of \$13.1 million from June 30, 2001.

General Financial Highlights

In June 2002, the County issued \$258.9 million of general obligation public improvement and refunding bonds. Of this total, \$198.0 million are being used for new facilities and improvements, and \$60.9 million were used to refund certain outstanding general obligation bonds in order to save \$3.8 million in future debt service payments.

In June 2002, the County also issued \$50 million of subordinated sewer revenue bonds to fund its share of the ongoing expansion costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents.

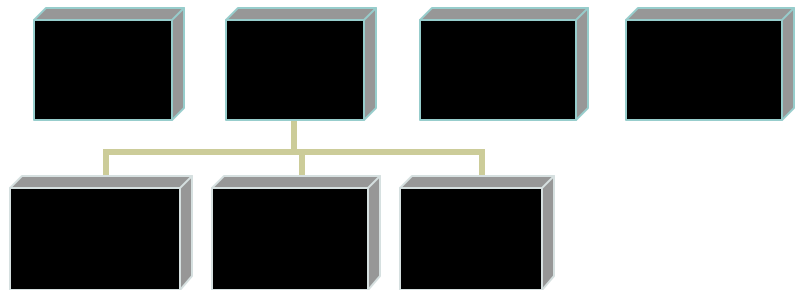
In June 2002, the County opened the new 135,000 square foot South County Government Center, financed by means of a \$29 million capital lease, to better serve residents of the southeastern area of the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: (1) management's discussion and analysis (presented here), (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information.

The County's basic financial statements consist of two kinds of statements, each with a different view of the County's finances. The new government-wide financial statements provide both long- and short-term information about the County's overall financial status. The fund financial statements, which have been provided in the past, focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

Components of the Financial Section



The statements and notes are followed by required supplementary information that contains data pertaining to the retirement systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental funds, internal service funds, fiduciary funds, capital assets, and component units.

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the County's net assets and how they have changed during the fiscal year.

The first government-wide statement—the statement of net assets—presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. Additionally, nonfinancial factors, such as a change in the County's property tax base or the condition of County facilities, should be considered to assess the overall health of the County.

The second statement—the statement of activities—presents information showing how the County's net assets changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories, as follows:

Governmental Activities - Most of the County's basic services are reported here, including public safety; public works; judicial administration; health and welfare services; community development; parks, recreation, and cultural programs; and general administration. These activities are financed primarily by property taxes, other local taxes, and federal and state grants. Included in the governmental activities are the governmental funds and internal service funds.

Business-type Activities - The County's only business-type activity, the Integrated Sewer System (Sewer System), is reported here.

Discretely Presented Component Units - The County includes four other entities in its annual financial report: Fairfax County Public Schools (Public Schools), Fairfax County Redevelopment and Housing Authority (RHA), Fairfax County Park Authority (Park Authority), and Fairfax County Economic Development Authority (EDA). Although legally separate, these component units are important because the County is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has the following three types of funds:

Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The General Fund is the main operating account of the County and consequently, the largest of the governmental funds. All other governmental funds, which include special revenue funds, debt service funds, and capital projects funds, are collectively referred to as nonmajor governmental funds.

Proprietary Funds - Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long- and short-term financial information. The County's only enterprise fund, the Sewer System, is the County's business-type activity reported in the government-wide statements. The fund financial statements provide more detail and additional information, such as cash flows, for the Sewer System. The internal service funds are used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, certain supplies, document services, and technology infrastructure support to County departments on a cost reimbursement basis.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension trust funds and agency funds. The pension trust funds are used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans—the Employees' Retirement System, the Police Officers Retirement System and the Uniformed Retirement System. The agency funds are used to account for monies received, held and disbursed on behalf of certain developers, certain welfare recipients, the recipients of certain bond proceeds, the Commonwealth of Virginia, and certain other local governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As this is the first year the County has included management's discussion and analysis, only information pertaining to fiscal year 2002 is presented. In future years, when audited prior year information is available, a comparative analysis of government-wide financial information will be presented.

Statement of Net Assets

The following table presents a summary of the Statement of Net Assets for the reporting entity as of June 30, 2002:

Summary of Net Assets as of June 30, 2002 (\$ in millions)					
	Governmental Activities	Business-Type Activities	Component Units	Reclass	Total Entity
Assets:					
Current and other assets	\$ 2,553.1	\$ 322.9	\$ 344.1	\$ -	\$ 3,220.1
Capital assets (net)	1,343.9	1,084.5	1,852.7	-	4,281.1
Total assets	3,897.0	1,407.4	2,196.8	-	7,501.2
Liabilities:					
Other liabilities	1,978.7	13.4	153.1	-	2,145.2
Long-term liabilities	1,851.6	485.3	194.2	-	2,531.1
Total liabilities	3,830.3	498.7	347.3	-	4,676.3
Net assets:					
Invested in capital assets, net of related debt	905.5	621.9	1,747.9	(968.7)	2,306.6
Restricted	11.1	154.6	27.8	(16.1)	177.4
Unrestricted	(849.9)	132.2	73.8	984.8	340.9
Total net assets	\$ 66.7	\$ 908.7	\$ 1,849.5	\$ -	\$ 2,824.9

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component units are then responsible for accounting and maintaining the assets purchased or constructed with the debt proceeds. While GASB No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total financial reporting entity, be accounted for separately on the face of the basic financial statements, the net assets of the total financial reporting entity best represent the entity's financial position.

The reclassification column represents the matching of the primary government's outstanding debt to the component units' related capital assets from a financial reporting entity perspective.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County's reporting entity, assets exceeded liabilities by \$2,824.9 million at fiscal year end 2002. The largest portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less the outstanding debt that was used to acquire these assets. The restricted net assets portion of the County's net assets represents resources that are subject to external restrictions on how they may be used; it also is reported net of the related, outstanding debt.

Statement of Activities

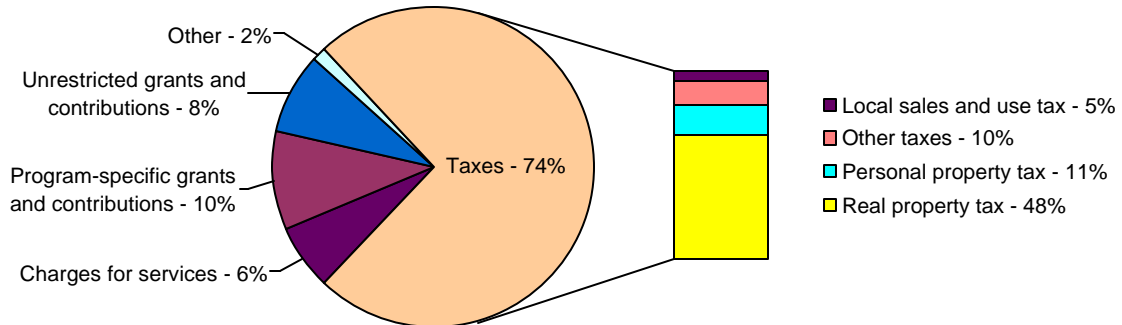
The following table summarizes the change in net assets for the primary government for the year ended June 30, 2002:

Summary of Changes in Net Assets For the Fiscal Year Ended June 30, 2002 <i>(\$ in millions)</i>			
	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 173.8	\$ 110.1	\$ 283.9
Operating grants and contributions	174.9	-	174.9
Capital grants and contributions	77.8	9.9	87.7
General revenues:			
Real property tax	1,241.3	-	1,241.3
Personal property tax	285.0	-	285.0
Business licenses tax	91.0	-	91.0
Local sales and use tax	139.3	-	139.3
Consumers utility tax	86.4	-	86.4
Other taxes	54.9	-	54.9
Unrestricted grants and contributions	207.7	-	207.7
Revenue from the use of money and property	31.7	7.0	38.7
Other	8.6	0.3	8.9
Total revenues	<u>2,572.4</u>	<u>127.3</u>	<u>2,699.7</u>
Expenses:			
General government administration	132.9	-	132.9
Judicial administration	32.7	-	32.7
Public safety	391.5	-	391.5
Public works	141.5	92.2	233.7
Health and welfare	370.1	-	370.1
Community development	142.0	-	142.0
Parks, recreation and cultural	105.9	-	105.9
Education	1,209.9	-	1,209.9
Interest on long-term debt	77.7	13.6	91.3
Total expenses	<u>2,604.2</u>	<u>105.8</u>	<u>2,710.0</u>
Increase (decrease) in net assets	(31.8)	21.5	(10.3)
Beginning net assets	98.5	887.2	985.7
Ending net assets	\$ 66.7	\$ 908.7	\$ 975.4

Governmental Activities

Revenues for the County's governmental activities were \$2,572.4 million for fiscal year 2002. Sources of revenue for fiscal year 2002 are comprised of the following items:

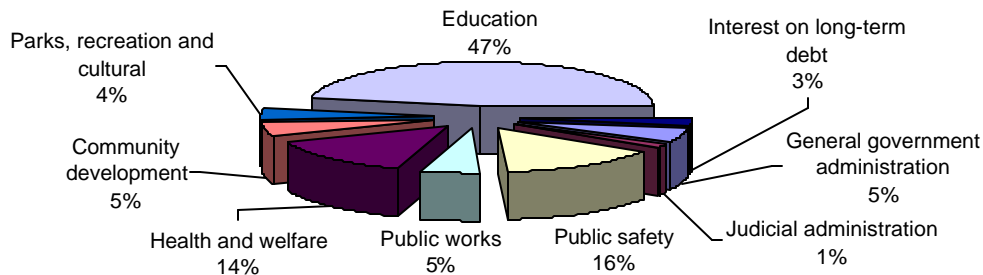
Governmental Activities - Revenues by Source
For the Fiscal Year Ended June 30, 2002



Taxes constitute the largest source of County revenues, amounting to \$1,897.9 million for fiscal year 2002. Real property taxes (\$1,241.3 million) represent over 65 percent of total taxes and almost half of all revenue combined. Tax revenues for fiscal year 2002 benefited from an average increase of 13.64 percent in real property tax assessments and the greater than anticipated collection of delinquent personal property taxes. Unrestricted grants and contributions include \$188.6 million in revenue from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

The cost of all governmental activities this year was \$2,604.2 million. As the chart below indicates, education continues to be the County's largest program and highest priority; education expenses totaled \$1.2 billion. Public safety expenses represent the second largest expense and are primarily a result of the events of September 11th; public safety expenses totaled \$391.5 million. Health and welfare expenses totaled \$370.1 million, representing the third largest expense for the County.

Governmental Activities - Expenses by Function
For the Fiscal Year Ended June 30, 2002



The following table presents the cost of each of the County's six largest programs—education, public safety, health and welfare, community development, public works, and general government administration—as well as each program's net cost (total cost less fees generated by the activities and program-specific intergovernmental aid).

Net Cost of County's Governmental Activities		
For the Fiscal Year Ended June 30, 2002		
<i>(\$ in millions)</i>		
	Total	Net
	Cost of Services	Cost of Services
Education	\$ 1,209.9	\$ 1,209.9
Public safety	391.5	257.5
Health and welfare	370.1	221.8
Community development	142.0	108.8
Public works	141.5	56.1
General government administration	132.9	129.5
Other	216.3	194.1
Total	\$ 2,604.2	\$ 2,177.7

Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$173.8 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$252.6 million). Of the \$2,177.7 million net cost of services, the amount that our taxpayers paid for these activities through County taxes was \$1,897.9 million.

Business-type Activities

The Sewer System reported an increase in net assets of \$21.5 million for fiscal year 2002. Total revenues of the Sewer System were \$127.3 million as compared to total costs of \$105.8 million. The Sewer System recovers its costs primarily through user charges and availability fees.

Highlights of the County's business-type activities for fiscal year 2002 are as follows:

The Sewer System made various improvements to its capital assets including \$12.3 million for sewer and pumping station construction projects and construction expenses of \$14.9 million at the Noman Cole Pollution Control Plant;

The Sewer System signed a financing agreement with Virginia Resources Authority for \$50.0 million for wastewater treatment plant improvements; and

Investment earnings decreased \$9.8 million as a result of significant decreases in earning rates for pooled cash and investments.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2002, the County's governmental funds reported a combined fund balance of \$476.9 million. Of this amount, \$111.9 million is reserved to indicate that it is not available for new spending because it has already been committed for items such as existing purchase orders and construction contracts. Approximately 76.5 percent (\$365.0 million) of the total fund balance represents the unreserved fund balance, which constitutes resources available for appropriation. Of the unreserved fund balance, by nature of the individual funds, approximately 69.1 percent (\$252.3 million) has been designated to meet the program needs in the special revenue, capital projects and debt service funds. Additionally, \$74.0 million of the General Fund's unreserved fund balance of \$112.7 million is designated for emergency needs and revenue stabilization for periods of economic downturn.

The net change in fund balance for all governmental funds was \$59.4 million for the fiscal year ended June 30, 2002. The total revenues and other financing sources were \$3,239.3 million and total expenditures and other financing uses were \$3,179.9 million, resulting in the increase to the fund balance.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was \$38.7 million after the designated amount of \$74.0 million. The \$38.7 million represents less than two percent of the General Fund's total expenditures. The revenues of \$2,301.1 million less expenditures of \$1,955.8 million and other financing uses (net) of \$332.2 million, resulted in a net increase in fund balance of \$13.1 million. Key factors in the growth of the fund balance include the following:

Assessments of real estate property and collections of delinquent personal property taxes increased, resulting in higher tax revenues; and

Spending was less than anticipated due to departmental efforts to reduce expenditures beyond the mandated five percent budget reductions, which were implemented to offset increases in public safety expenditures and decreases in revenue from the Commonwealth, interest earnings on investments, and sales tax receipts associated with the economic slowdown.

The County's enterprise fund provides the same type of information found in the government-wide financial statements, as the basis of accounting is the same. Factors concerning the finances of the Sewer System have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget appropriations, which include expenditures and transfers out, exceeded the original budget by \$12.9 million or 0.6 percent. This increase is due primarily to the carryover of prior year commitments offset by the five percent expenditure reduction mentioned above.

The final amended budget revenues and transfers in were less than the original budget by \$17.8 million or 0.8 percent, primarily because of reduced sales tax receipts, interest on investments, and building fees.

Actual revenues exceeded final budget amounts by \$13.6 million, while actual expenditures were \$28.4 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2002, include the following:

Actual tax revenues exceeded budgeted amounts by \$22.7 million mostly due to property and business license taxes;

Actual intergovernmental revenues were \$10.3 million less than budgeted amounts as a result of a decrease in amounts received from the Commonwealth;

Actual nondepartmental expenditures, which represent mainly employee benefits and local cash match requirements, were \$8.2 million less than budgeted amounts primarily as a result of the local cash obligations budgeted in fiscal year 2002, but to be expended in fiscal year 2003; and

Actual general governmental administration expenditures were \$5.8 million less than budgeted amounts as several purchases, including new voting machines, were deferred until fiscal year 2003.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2002, amounted to approximately \$2.4 billion (net of accumulated depreciation and amortization), as summarized below :

Capital Assets As of June 30, 2002 <i>(\$ in millions)</i>			
	Governmental Activities	Business-Type Activities	Total
Land	\$ 325.4	\$ 17.3	\$ 342.7
Buildings, improvements, and infrastructure	1,126.3	740.8	1,867.1
Equipment and library collections	247.2	9.4	256.6
Construction in progress	52.1	117.7	169.8
Purchased capacity	-	537.9	537.9
Total capital assets	1,751.0	1,423.1	3,174.1
Less accumulated depreciation and amortization	(407.1)	(338.6)	(745.7)
Total capital assets, net	\$ 1,343.9	\$ 1,084.5	\$ 2,428.4

During fiscal year 2002, the County's net increase in capital assets (including additions, decreases, depreciation and amortization) was \$85.8 million (\$35.1 million for governmental activities and \$50.7 million for business-type activities) or 3.3 percent.

This year's major capital asset events included the following:

Acquisition of a 135,000 net usable square foot office facility—the South County Government Center—to facilitate the provision of services to residents in the southeastern area of the County, financed by a capital lease in the amount of \$29 million;

The ongoing construction costs of the Mt. Vernon, West Springfield and Sully District police stations, which are scheduled for completion during fiscal year 2003, totaled \$13.2 million and were funded with general obligation bond proceeds;

The ongoing construction costs of the multi-level parking structure to be completed during fiscal year 2003 to support the expansion of the Judicial Center complex were \$13 million and were funded with general obligation bond proceeds;

The purchase of library books, audio/video materials, etc. totaling \$5.6 million, funded from general revenues, and land acquisition and preliminary design costs totaling \$5.4 million, funded with general obligation bond proceeds, for the new Kingstowne Regional Library and the Burke Center Community Library;

The transfer of several parcels of undeveloped land with a total historical cost of \$10.2 million to the Park Authority;

The ongoing expansion costs of the Sewer System's wastewater treatment facilities at its Noman Cole Pollution Control Plant amounted to \$16.8 million, which were funded from sewer revenue bond proceeds and funds generated from operations; and

The Sewer System's share of the ongoing expansion costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents, was \$29.2 million, which was funded by the issuance of subordinated sewer revenue bonds.

Additional information pertaining to the County's capital assets can be found in the notes to the financial statements.

Long-term Debt

The County continues to maintain the highest possible ratings related to its tax-exempt securities. The County has received the highest credit ratings possible for a local government for its general obligation bonds (since they were first rated): Aaa from Moody's Investors Service, Inc. (since 1975), AAA from Standard and Poor's Corporation (since 1978), and AAA from Fitch Investor Service (since 1997). Less than 1 percent of the counties in the U.S. have these ratings for their general obligation bonds. Revenue bonds issued for the County's Sewer System are currently rated AAA by Fitch, Aa by Moody's and AA by Standard and Poor's. These high credit ratings enable the County to sell bonds at interest rates lower than those of many local governments, thereby achieving savings throughout the life of the bonds.

There is no legal limit on the amount of general obligation bonded indebtedness that the County can at any time incur or have outstanding. However, all such indebtedness must be approved by voter referendum prior to issuance. The Board of Supervisors has established the following self-imposed limits with respect to long-term debt:

A limit of \$1 billion of general obligation bond sales over a five-year period, for an average of \$200 million annually, with a maximum of \$225 million in any given year, excluding refunding bonds;

A limitation that total long-term debt (excluding capital leases for equipment) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2002, these percentages were 1.46 percent and 8.30 percent, respectively.

On June 13, 2002, the County issued \$258.9 million of Series 2002A General Obligation Public Improvement and Refunding Bonds with a true interest cost of 4.33 percent. Proceeds of \$198.0 million are being used to fund new facilities and improvements, as follows:

County facilities:	
Public safety	\$ 27.0
Transportation	26.4
Other purposes	<u>6.6</u>
Total County facilities	60.0
Public Schools facilities	130.0
Park Authority facilities	<u>8.0</u>
Total bonds issued for new projects	<u>\$ 198.0</u>

The remaining \$60.9 million of these Series 2002A Bonds were used to refund certain outstanding Series 1992B and 1995A General Obligation Bonds, thereby taking advantage of lower interest rates to reduce the County's debt service payments by \$3.8 million over the next 13 years.

In June 2002, the Integrated Sewer System issued a 20-year subordinated sewer revenue bond in the amount of \$50 million at an interest rate of 3.75 percent to finance a portion of the Sewer System's share of the incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2002:

Outstanding Debt As of June 30, 2002 (\$ in millions)			
	Governmental Activities	Business-Type Activities	Total Primary Government
General obligation bonds issued for:			
County facilities	\$ 285.6	\$ -	\$ 285.6
Public Schools facilities	895.7	-	895.7
Park Authority facilities	90.8	-	90.8
WMATA	58.9	-	58.9
NVRPA	7.7	-	7.7
Commonwealth of Virginia	180.9	-	180.9
Lease revenue bonds	106.7	-	106.7
Sewer revenue bonds	-	484.5	484.5
Capital leases and other	51.8	-	51.8
Total County outstanding debt	<u>\$ 1,678.1</u>	<u>\$ 484.5</u>	<u>\$ 2,162.6</u>

Additional information relative to the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2003:

The percentage change in real property assessed value for fiscal year 2002 was 13.64 percent, as compared to 8.94 percent in fiscal year 2001.

Through July 2002, the median sales prices of new and existing single family housing units experienced double digit growth over fiscal year 2001 sales prices.

The Commonwealth of Virginia experienced a budget shortfall of \$3.8 billion during fiscal year 2002 and anticipates a \$1.5 billion shortfall for fiscal year 2003.

The unemployment rate in the County for July 2002 was 2.9 percent as compared to 2.3 percent in July 2001.

Sales tax receipts for fiscal year 2002 were 5.9 percent lower than fiscal year 2001 receipts.

Per the Fiscal Year 2003 Adopted Budget, revenues are \$2,441.6 million, a 6.8 percent increase over the fiscal year 2002 level. Increases in real property tax receipts drive nearly the entire increase in revenues; real property tax revenues account for 99.7 percent of the total General Fund revenue increase in fiscal year 2003. In contrast, nearly all other revenue categories combined are projected to be flat. These categories, made up primarily of personal property, other local taxes, and interest on investments, are much more reactive to changing economic conditions. As a result, revenue from real property taxes will make up approximately 56.7 percent of total revenues, up from approximately 53.6 percent in fiscal year 2002.

Budgeted disbursements, which include expenditures and transfers out, are \$2,442.4 million, a 5.15 percent increase over the fiscal year 2002 level. For fiscal year 2003, the County is providing the highest percentage of County revenue in 20 years – more than 52 percent of its total General Fund budget – to Public Schools. County funding for Public Schools is \$1.28 billion, which supports both operating and debt service. The County has added no major new programs or initiatives to the fiscal year 2003 budget. The County's commitment to programs such as public safety, health and welfare, community development, public works, and parks, recreation, and cultural activities remains strong.

The Board approved the following tax rate and fee adjustments for fiscal year 2003 as a result of the economic indicators discussed above:

The Board decreased the real property tax rate from \$1.23 per \$100 of assessed value to \$1.21. This two-cent reduction results in a decrease to revenues of \$23.2 million.

The Board increased the allowable asset limit to qualify for Tax Relief for the Elderly and Disabled from \$150,000 to \$160,000.

The Sewer Service Charge rate will increase from \$2.88 to \$2.95 per 1,000 gallons of water consumption in fiscal year 2003 to cover the costs of capital project construction, debt service and upgrades to reduce nitrogen discharge from wastewater treatment plants.

Pressures on the County budget due to growth in population and school membership, State aid reductions, and the additional resources required to keep our communities safe will continue to be a challenge for the County in light of the constraints of declining revenue growth. Responding to these pressures, the Board of Supervisors directed all County departments to prepare a list of potential expenditure reductions in County programs and a description of their impact. While departments identified potential reductions of

up to five percent, the Board selected those options that would minimize the impact to citizens. The Board approved fiscal year 2003 deductions totaling \$28.8 million, including the elimination of 50 County positions, all of which were vacant.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of Fairfax, Virginia, Department of Finance, 12000 Government Center Parkway, Fairfax, Virginia, 22035. This report can also be found on the County's website, www.fairfaxcounty.gov.



COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2002

	Primary Government		Total
	Governmental	Business-Type	Primary
	Activities	Activities	Government
ASSETS			
Equity in pooled cash and temporary investments	\$ 623,009,189	105,230,797	728,239,986
Cash in banks	-	-	-
Investments	-	21,418,061	21,418,061
Receivables (net of allowances):			
Accounts	27,450,176	-	27,450,176
Accrued interest	596,741	111,100	707,841
Property taxes:			
Delinquent	20,072,737	-	20,072,737
Not yet due	1,608,938,014	-	1,608,938,014
Business license taxes - delinquent	2,418,904	-	2,418,904
Notes	5,667,848	-	5,667,848
Mortgages	-	-	-
Other	45,041	-	45,041
Due from intergovernmental units (net of allowances):			
Property taxes:			
Delinquent	5,206,094	-	5,206,094
Not yet due	171,700,200	-	171,700,200
Other	48,853,597	18,632,456	67,486,053
Due from primary government	-	-	-
Due from component units	1,591,703	-	1,591,703
Interfund receivables	126,958	(126,958)	-
Inventories of supplies	3,643,899	502,908	4,146,807
Prepaid items and other assets	266,920	-	266,920
Restricted assets:			
Equity in pooled cash and temporary investments	31,307,771	151,693,025	183,000,796
Cash with fiscal agents	925,270	-	925,270
Certificates of deposit - performance bonds	481,699	-	481,699
Investments	-	24,326,147	24,326,147
Land held for sale	-	-	-
Capital assets:			
Non-depreciable:			
Land	325,445,841	17,346,080	342,791,921
Construction in progress	52,122,448	117,678,608	169,801,056
Depreciable:			
Equipment	213,749,719	9,353,179	223,102,898
Library collections	33,458,568	-	33,458,568
Purchased capacity	-	537,865,741	537,865,741
Buildings and improvements	749,709,510	740,820,345	1,490,529,855
Infrastructure	376,552,368	-	376,552,368
Accumulated depreciation	(407,125,357)	(298,859,052)	(705,984,409)
Accumulated amortization	-	(39,679,490)	(39,679,490)
Total capital assets, net	1,343,913,097	1,084,525,411	2,428,438,508
Deferred bond issuance costs (net of amortization)	829,993	1,123,946	1,953,939
Total assets	\$ 3,897,045,851	1,407,436,893	5,304,482,744

See accompanying notes to the financial statements.

Exhibit A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity
238,482,679	-	966,722,665
6,856,581	-	6,856,581
-	-	21,418,061
9,056,828	-	36,507,004
113,312	-	821,153
-	-	20,072,737
-	-	1,608,938,014
-	-	2,418,904
6,814,090	-	12,481,938
56,202	-	56,202
1,653,470	-	1,698,511
-	-	5,206,094
-	-	171,700,200
33,983,535	-	101,469,588
7,924,635	-	7,924,635
-	-	1,591,703
-	-	-
4,392,981	-	8,539,788
602,453	-	869,373
16,060,893	-	199,061,689
7,444,059	-	8,369,329
723,988	-	1,205,687
4,815,074	-	29,141,221
4,599,973	-	4,599,973
320,381,706	-	663,173,627
320,096,458	-	489,897,514
143,203,688	-	366,306,586
20,678,288	-	54,136,856
-	-	537,865,741
1,762,265,742	-	3,252,795,597
-	-	376,552,368
(713,922,276)	-	(1,419,906,685)
-	-	(39,679,490)
1,852,703,606	-	4,281,142,114
506,433	-	2,460,372
2,196,790,792	-	7,501,273,536

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2002

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
LIABILITIES			
Accounts payable and accrued liabilities	\$ 67,266,042	6,214,321	73,480,363
Contracts payable	1,646,653	7,267,141	8,913,794
Contract retainages	2,823,499	-	2,823,499
Due to primary government	-	-	-
Due to component units	1,439,179	-	1,439,179
Matured bond principal and interest payable	240,455	-	240,455
Accrued interest payable	8,087,079	-	8,087,079
Deferred revenue:			
Property taxes not yet due	1,794,277,000	-	1,794,277,000
Other	35,057,454	-	35,057,454
Performance and other deposits	67,851,390	-	67,851,390
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	130,177,807	-	130,177,807
Revenue bonds payable, net	4,030,000	10,185,026	14,215,026
Notes payable	-	-	-
Compensated absences	44,228,365	1,053,811	45,282,176
Landfill closure and postclosure costs	16,392,797	-	16,392,797
Capital leases	9,133,389	-	9,133,389
Insurance and benefit claims payable	13,262,895	-	13,262,895
Other	1,986,364	-	1,986,364
Portion due or payable after one year:			
General obligation bonds payable, net	1,392,267,010	-	1,392,267,010
Revenue bonds payable, net	102,620,000	473,411,022	576,031,022
Notes payable	-	-	-
Compensated absences	28,329,497	618,905	28,948,402
Landfill closure and postclosure costs	49,376,935	-	49,376,935
Capital leases	41,824,262	-	41,824,262
Insurance and benefit claims payable	12,434,221	-	12,434,221
Other	5,544,092	-	5,544,092
Total liabilities	3,830,296,385	498,750,226	4,329,046,611
NET ASSETS			
Invested in capital assets, net of related debt	905,544,976	621,870,392	1,527,415,368
Restricted for:			
Grant programs	6,184,342	-	6,184,342
Sewer improvements and nitrification facilities	-	150,674,322	150,674,322
Community centers	4,907,876	-	4,907,876
Housing	-	-	-
Capital projects	-	-	-
Debt service	-	3,891,412	3,891,412
Unrestricted (deficit)	(849,887,728)	132,250,541	(717,637,187)
Total net assets	\$ 66,749,466	908,686,667	975,436,133

See accompanying notes to the financial statements.

Exhibit A
continued

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity
124,497,692	-	197,978,055
-	-	8,913,794
10,980,537	-	13,804,036
1,591,703	-	1,591,703
-	-	1,439,179
-	-	240,455
774,947	-	8,862,026
-	-	1,794,277,000
14,099,184	-	49,156,638
1,204,960	-	69,056,350
-	-	130,177,807
747,193	-	14,962,219
22,556,282	-	22,556,282
16,329,863	-	61,612,039
-	-	16,392,797
7,536,543	-	16,669,932
17,012,925	-	30,275,820
124,057	-	2,110,421
-	-	1,392,267,010
23,970,901	-	600,001,923
61,206,028	-	61,206,028
10,809,257	-	39,757,660
-	-	49,376,935
20,144,259	-	61,968,521
12,074,500	-	24,508,721
1,678,785	-	7,222,877
347,339,616	-	4,676,386,227
1,747,908,785	(968,739,537)	2,306,584,616
-	-	6,184,342
-	-	150,674,322
-	-	4,907,876
10,586,137	-	10,586,137
16,060,893	(16,060,893)	-
1,080,897	-	4,972,309
73,814,464	984,800,430	340,977,707
1,849,451,176	-	2,824,887,309

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2002

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses			
Primary government:				
Governmental activities:				
General government administration	\$ 132,867,365	3,085,153	286,457	-
Judicial administration	32,652,640	13,477,787	1,320,689	-
Public safety	391,465,390	30,698,240	53,044,156	50,186,542
Public works	141,536,370	61,306,429	7,691,965	16,474,683
Health and welfare	370,118,888	38,309,902	110,030,299	-
Community development	142,055,156	20,869,899	1,256,528	11,122,261
Parks, recreation and cultural	105,852,089	6,095,365	1,228,929	-
Education - payments to Public Schools	1,209,931,327	-	-	-
Interest on long-term debt	77,719,236	-	-	-
Total governmental activities	2,604,198,461	173,842,775	174,859,023	77,783,486
Business-type activities:				
Public works - Sewer	105,766,365	110,093,926	-	9,862,455
Total business-type activities	105,766,365	110,093,926	-	9,862,455
Total primary government	2,709,964,826	283,936,701	174,859,023	87,645,941
Component units:				
Public Schools	1,574,535,598	78,281,595	100,156,368	7,985,121
FCRHA	55,349,525	17,821,086	31,049,548	3,253,183
Park Authority	62,851,329	28,885,584	-	438,332
EDA	7,292,427	-	-	-
Total component units	\$ 1,700,028,879	124,988,265	131,205,916	11,676,636

General revenues:

Taxes:

Real property
Personal property
Business licenses
Local sales and use
Consumers utility
Motor vehicle decals
Recordation

Occupancy, tobacco and other

Grants and contributions not restricted to specific programs

Revenue from the use of money and property

Share of Commonwealth's lottery proceeds

Payment from primary government

Other

Total general revenues

Change in net assets

Net assets, July 1, 2001, as restated

Net assets, June 30, 2002

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Total
Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
(129,495,755)	-	(129,495,755)	-
(17,854,164)	-	(17,854,164)	-
(257,536,452)	-	(257,536,452)	-
(56,063,293)	-	(56,063,293)	-
(221,778,687)	-	(221,778,687)	-
(108,806,468)	-	(108,806,468)	-
(98,527,795)	-	(98,527,795)	-
(1,209,931,327)	-	(1,209,931,327)	-
(77,719,236)	-	(77,719,236)	-
(2,177,713,177)	-	(2,177,713,177)	-
-	14,190,016	14,190,016	-
-	14,190,016	14,190,016	-
(2,177,713,177)	14,190,016	(2,163,523,161)	-
-	-	-	(1,388,112,514)
-	-	-	(3,225,708)
-	-	-	(33,527,413)
-	-	-	(7,292,427)
-	-	-	(1,432,158,062)
1,241,257,331	-	1,241,257,331	-
284,981,993	-	284,981,993	-
90,973,176	-	90,973,176	-
139,345,413	-	139,345,413	-
86,368,876	-	86,368,876	-
18,694,344	-	18,694,344	-
19,843,886	-	19,843,886	-
16,486,754	-	16,486,754	-
207,655,319	-	207,655,319	365,968,070
31,667,551	7,031,710	38,699,261	1,963,189
-	-	-	7,682,332
-	-	-	1,251,764,326
8,594,474	251,847	8,846,321	11,173,909
2,145,869,117	7,283,557	2,153,152,674	1,638,551,826
(31,844,060)	21,473,573	(10,370,487)	206,393,764
98,593,526	887,213,094	985,806,620	1,643,057,412
\$ 66,749,466	908,686,667	975,436,133	1,849,451,176

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2002

Exhibit A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 199,588,246	353,449,349	553,037,595
Receivables (net of allowances):			
Accounts	10,339,068	16,799,658	27,138,726
Accrued interest	249,495	331,347	580,842
Property taxes:			
Delinquent	20,072,737	-	20,072,737
Not yet due	1,601,400,014	7,538,000	1,608,938,014
Business license taxes - delinquent	2,418,904	-	2,418,904
Notes	-	5,667,848	5,667,848
Due from intergovernmental units:			
Property taxes (net of allowances):			
Delinquent	5,206,094	-	5,206,094
Not yet due	171,700,200	-	171,700,200
Other	33,779,249	15,074,348	48,853,597
Due from component units	-	1,591,703	1,591,703
Interfund receivables	4,367,200	-	4,367,200
Inventories of supplies	1,208,662	-	1,208,662
Prepaid items and other assets	58,757	20,938	79,695
Restricted assets:			
Equity in pooled cash and temporary investments	-	31,307,771	31,307,771
Cash with fiscal agents	576,526	348,744	925,270
Certificates of deposit - performance bonds	481,699	-	481,699
Total assets	\$ 2,051,446,851	432,129,706	2,483,576,557
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 36,879,822	26,180,922	63,060,744
Contracts payable	-	1,646,653	1,646,653
Contract retainages	-	2,823,499	2,823,499
Due to component units	1,191,003	248,176	1,439,179
Interfund payables	-	3,608,213	3,608,213
Matured bond principal and interest payable	-	240,455	240,455
Deferred revenue:			
Property taxes not yet due	1,786,739,000	7,538,000	1,794,277,000
Other	37,969,779	33,783,812	71,753,591
Performance and other deposits	61,873,805	5,977,585	67,851,390
Total liabilities	1,924,653,409	82,047,315	2,006,700,724
Fund balances:			
Reserved for:			
Encumbrances	12,852,653	59,174,568	72,027,221
Inventories of supplies	1,208,662	-	1,208,662
Long-term receivables	-	7,259,551	7,259,551
Prepaid items	58,757	20,938	79,695
Certain capital projects	-	31,307,771	31,307,771
Unreserved, reported in:			
General fund	112,673,370	-	112,673,370
Special revenue funds	-	174,045,654	174,045,654
Debt service funds	-	10,222,617	10,222,617
Capital projects funds	-	68,051,292	68,051,292
Total fund balances	126,793,442	350,082,391	476,875,833
Total liabilities and fund balances	\$ 2,051,446,851	432,129,706	2,483,576,557

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2002

Exhibit A-2
continued

Fund balances - Total governmental funds \$ 476,875,833

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable assets:		
Land	\$	323,507,153
Construction-in-progress		52,122,448
Depreciable assets:		
Equipment		156,722,476
Library collections		33,458,568
Buildings and improvements		734,107,360
Infrastructure		376,552,368
Total capital assets		1,676,470,373
Less accumulated depreciation		(365,789,868)
		1,310,680,505

Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds:

Delinquent taxes (net of allowances):		
Property	\$	22,312,323
Business license		2,418,904
Sales and use taxes		9,964,910
Recovery from contractor		2,000,000
		36,696,137

Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 829,993

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Assets:		
Current assets	\$	73,109,042
Capital assets		74,568,081
Less accumulated depreciation		(41,335,489)
Liabilities		(33,085,995)
		73,255,639

Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds	\$	(1,522,444,817)
Lease revenue bonds		(106,650,000)
Special assessment bonds		(525,000)
Accrued interest on long-term debt		(8,087,079)
Capital leases and installment purchase agreements		(50,957,651)
Landfill closure and postclosure costs		(65,769,732)
Compensated absences		(70,148,906)
Other		(7,005,456)
		(1,831,588,641)

Net assets of governmental activities \$ 66,749,466

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-3

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the fiscal year ended June 30, 2002

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,876,356,504	21,836,080	1,898,192,584
Permits, privilege fees and regulatory licenses	28,609,183	8,330,001	36,939,184
Intergovernmental	315,653,061	136,026,346	451,679,407
Charges for services	35,241,909	97,993,651	133,235,560
Fines and forfeitures	10,318,703	-	10,318,703
Developers' contributions	-	6,187,626	6,187,626
Revenue from the use of money and property	28,211,926	5,904,026	34,115,952
Recovered costs	5,450,839	3,558,644	9,009,483
Local matching grants	-	5,690,108	5,690,108
Gifts, donations and contributions	788,324	246,997	1,035,321
Other	448,980	6,348,936	6,797,916
Total revenues	2,301,079,429	292,122,415	2,593,201,844
EXPENDITURES			
Current:			
General government administration	89,830,205	9,396,556	99,226,761
Judicial administration	30,258,588	594,125	30,852,713
Public safety	340,998,807	38,380,749	379,379,556
Public works	49,409,626	95,240,082	144,649,708
Health and welfare	232,586,804	132,955,982	365,542,786
Community development	48,163,157	81,890,902	130,054,059
Parks, recreation and cultural	72,728,671	25,546,317	98,274,988
Education - payments to Public Schools	1,079,911,756	131,640,935	1,211,552,691
Capital outlay:			
General government administration	914,815	8,658,344	9,573,159
Judicial administration	38,522	639,228	677,750
Public safety	2,788,431	33,186,445	35,974,876
Public works	541,779	3,284,942	3,826,721
Health and welfare	435,057	30,747,140	31,182,197
Community development	366,617	8,111,158	8,477,775
Parks, recreation and cultural	5,736,190	6,410,436	12,146,626
Debt service:			
Principal retirement	887,208	129,163,380	130,050,588
Interest and other charges	240,521	77,387,145	77,627,666
Total expenditures	1,955,836,754	813,233,866	2,769,070,620
Excess (deficiency) of revenues over (under) expenditures	345,242,675	(521,111,451)	(175,868,776)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,614,594	343,909,898	348,524,492
Transfers out	(341,424,523)	(6,854,969)	(348,279,492)
Proceeds from sale of County general obligation bonds	-	201,345,513	201,345,513
Capital leases and installment purchases	4,640,753	29,000,000	33,640,753
Proceeds from sale of refunding bonds	-	62,614,916	62,614,916
Payments to refunded bond escrow agent	-	(62,561,378)	(62,561,378)
Total other financing sources (uses)	(332,169,176)	567,453,980	235,284,804
Net change in fund balances	13,073,499	46,342,529	59,416,028
Fund balances, July 1, 2001, as restated	113,682,037	303,739,862	417,421,899
Increase in reserve for inventories of supplies	37,906	-	37,906
Fund balances, June 30, 2002	\$ 126,793,442	350,082,391	476,875,833

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
for Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2002

Exhibit A-3
continued

Net change in fund balances - Total governmental funds \$ 59,416,028

Amounts reported for governmental activities in the statement of activities (Exhibit A-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 101,859,104	
Less depreciation expense	<u>(52,373,823)</u>	49,485,281

In the statement of activities, the loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed. (23,291,345)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 5,148,069

Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount this year:

Delinquent taxes:		
Property	\$ 2,112,593	
Business license	(1,111,514)	
Sales and use taxes and other taxes	(1,572,890)	
Recovery from contractor	<u>2,000,000</u>	1,428,189

Proceeds from the issuance of long-term debt are reported as financing sources in the governmental funds and thus increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statements of net assets and does not affect the statement of activities. Proceeds were received from:

Series 2002A General Obligation Bonds	\$ (263,960,429)	
Principal amounts of new capital leases	<u>(33,640,753)</u>	(297,601,182)

Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 829,993

Repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and, thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal repayments of matured bonds	\$ 124,453,925	
Payment to escrow agent to refund bonds, less \$219,764 reported as interest expense	62,341,614	
Principal payments of capital leases	<u>5,596,663</u>	192,392,202

Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This timing difference in interest reporting is as follows:

Accrued interest on bonds	\$ (378,912)	
Accrued interest on capital leases	<u>(322,887)</u>	(701,799)

Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Landfill closure and postclosure costs	\$ (13,658,852)	
Compensated absences	(6,154,758)	
Other	<u>1,990,270</u>	(17,823,340)

Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets, excluding capital contributions within the primary government, is reported with governmental activities. (1,126,156)

Change in net assets of governmental activities \$ (31,844,060)



COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Statement - General Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit A-4

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,846,706,188	1,853,705,418	1,876,356,504	22,651,086
Permits, privilege fees and regulatory licenses	33,892,369	28,990,840	28,609,183	(381,657)
Intergovernmental	330,013,546	325,907,543	315,653,061	(10,254,482)
Charges for services	33,000,331	34,109,394	35,241,909	1,132,515
Fines and forfeitures	11,595,781	10,024,451	10,318,703	294,252
Revenue from the use of money and property	45,849,562	29,013,426	28,894,001	(119,425)
Recovered costs	5,427,243	5,270,662	5,450,839	180,177
Other	351,147	311,647	448,980	137,333
Total revenues	2,306,836,167	2,287,333,381	2,300,973,180	13,639,799
EXPENDITURES				
Current:				
General government administration	81,790,729	82,522,174	76,761,411	5,760,763
Judicial administration	24,653,202	25,863,799	25,697,058	166,741
Public safety	277,283,155	282,558,693	276,877,297	5,681,396
Public works	50,601,527	54,618,749	51,162,491	3,456,258
Health and welfare	217,258,679	212,568,661	210,223,149	2,345,512
Community development	38,384,396	37,493,556	35,287,296	2,206,260
Parks, recreation and cultural	63,722,662	61,895,007	61,327,324	567,683
Nondepartmental	119,351,398	125,780,923	117,615,055	8,165,868
Total expenditures	873,045,748	883,301,562	854,951,081	28,350,481
Excess of revenues over expenditures	1,433,790,419	1,404,031,819	1,446,022,099	41,990,280
OTHER FINANCING USES				
Transfers in from other primary government funds	2,914,594	4,614,594	4,614,594	-
Transfers out to other primary government funds	(355,101,384)	(355,963,226)	(355,963,226)	-
Transfers out to component units	(1,079,343,341)	(1,081,102,417)	(1,081,102,417)	-
Total other financing uses	(1,431,530,131)	(1,432,451,049)	(1,432,451,049)	-
Net change in fund balance	\$ 2,260,288	(28,419,230)	13,571,050	41,990,280

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2002

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 105,230,797	69,971,594
Investments	17,318,061	-
Accrued interest receivable	111,100	15,899
Accounts receivable	-	311,450
Due from intergovernmental units (net of allowance)	18,632,456	-
Interfund receivables	-	187,637
Inventories and other	502,908	2,435,237
Prepaid items and other assets	-	187,225
Total current assets	141,795,322	73,109,042
Noncurrent assets:		
Restricted assets:		
Equity in pooled cash and temporary investments	151,693,025	-
Investments	24,326,147	-
Total restricted assets	176,019,172	-
Capital assets:		
Land	17,346,080	1,938,688
Construction in progress	117,678,608	-
Buildings and improvements	740,820,345	15,602,150
Purchased capacity	537,865,741	-
Equipment	9,353,179	57,027,243
Accumulated depreciation	(298,859,052)	(41,335,489)
Accumulated amortization	(39,679,490)	-
Total capital assets, net	1,084,525,411	33,232,592
Other noncurrent assets:		
Investments	4,100,000	-
Deferred bond issuance costs (net of amortization)	1,123,946	-
Total other noncurrent assets	5,223,946	-
Total noncurrent assets	1,265,768,529	33,232,592
Total assets	\$ 1,407,563,851	106,341,634

See accompanying notes to the financial statements.

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,214,321	4,205,298
Contracts payable	7,267,141	-
Interfund payables	126,958	774,625
Compensated absences	1,053,811	1,437,532
Insurance and benefit claims payable	-	13,262,895
Revenue bonds payable	10,249,204	-
Bond discount (net of amortization)	(64,178)	-
Total current liabilities	24,847,257	19,680,350
Noncurrent liabilities:		
Revenue bonds payable, net of current portion	474,272,394	-
Bond discount (net of amortization)	(861,372)	-
Compensated absences	618,905	971,424
Insurance and benefit claims payable	-	12,434,221
Total noncurrent liabilities	474,029,927	13,405,645
Total liabilities	498,877,184	33,085,995
NET ASSETS		
Invested in capital assets, net of related debt	621,870,392	33,232,592
Restricted for:		
Sewer improvements and nitrification facilities	150,674,322	-
Debt service	3,891,412	-
Unrestricted	132,250,541	40,023,047
Total net assets	\$ 908,686,667	73,255,639

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2002

Exhibit A-6

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
Operating revenues:		
Sales of services	\$ 79,438,990	-
Charges to other funds	-	117,923,863
Other	251,847	292,381
Total operating revenues	79,690,837	118,216,244
Operating expenses:		
Personnel services	17,688,856	20,292,259
Materials and supplies	9,774,641	2,775,642
Equipment operation and maintenance	-	27,998,676
Risk financing and benefit payments	-	56,659,825
Depreciation and amortization	23,473,238	7,354,248
Professional consultant and contractual services	41,201,302	4,995,967
Other	-	186,878
Total operating expenses	92,138,037	120,263,495
Operating loss	(12,447,200)	(2,047,251)
Nonoperating revenues (expenses):		
Availability fees	30,654,936	-
Intergovernmental revenue	1,250,023	-
Interest revenue	7,033,632	825,337
Interest expense	(13,549,231)	-
Amortization expense for bond issuance costs	(79,097)	-
Gain (loss) on disposal of capital assets	(1,922)	340,758
Total nonoperating revenues (expenses)	25,308,341	1,166,095
Income (loss) before contributions and transfers	12,861,141	(881,156)
Capital contributions	8,612,432	2,634,072
Transfers in	-	2,755,000
Transfers out	-	(3,000,000)
Change in net assets	21,473,573	1,507,916
Total net assets, July 1, 2001, as restated	887,213,094	71,747,723
Total net assets, June 30, 2002	\$ 908,686,667	73,255,639

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2002

Exhibit A-7

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 80,246,007	-
Receipts from interfund services provided	-	117,951,968
Payments to suppliers and contractors	(50,827,202)	(13,055,727)
Payments to employees	(17,673,665)	(20,218,037)
Claims and benefits paid	-	(53,923,666)
Payments for interfund services used	-	(22,017,559)
Net cash provided by operating activities	11,745,140	8,736,979
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loan from General Fund	-	630,809
Payment of loan to General Fund	-	(482,311)
Transfers to other funds	-	(3,000,000)
Transfers from other funds	-	2,755,000
Net cash used by noncapital financing activities	-	(96,502)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees	30,654,936	-
Intergovernmental revenue received	1,250,023	-
Principal payments on sewer revenue bonds	(8,061,456)	-
Interest payments on sewer revenue bonds	(12,707,821)	-
Proceeds from issuance of sewer revenue bond	50,000,000	-
Proceeds from sale of capital assets	42,007	657,003
Purchase of capital assets, other than purchased capacity	(22,024,266)	(11,465,287)
Acquisition of purchased capacity	(43,545,699)	-
Net cash used by capital and related financing activities	(4,392,276)	(10,808,284)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of restricted investments (net)	(300,810)	-
Purchases of investments	(4,100,000)	-
Interest received	6,150,064	829,708
Net cash provided by investing activities	1,749,254	829,708
Net increase (decrease) in cash and cash equivalents	9,102,118	(1,338,099)
Cash and cash equivalents, July 1, 2001	247,821,704	71,309,693
Cash and cash equivalents, June 30, 2002	\$ 256,923,822	69,971,594
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (12,447,200)	(2,047,251)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	23,473,238	7,354,248
Change in assets and liabilities:		
Increase in accounts receivable	-	(298,147)
Decrease in intergovernmental receivables	555,170	-
Decrease in interfund receivables	-	33,164
Decrease in inventories of supplies	61,519	81,419
Decrease in prepaid items and other assets	-	912
Increase in accounts payable and accrued liabilities, net of interest	230,470	3,599,435
Decrease in contracts payable	(128,057)	-
Increase in interfund payables	-	13,199
Total adjustments to operating loss	24,192,340	10,784,230
Net cash provided by operating activities	\$ 11,745,140	8,736,979
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines and manholes	\$ 8,612,432	-
Capital contributions - police vehicles	-	2,634,072
See accompanying notes to the financial statements.		

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Assets
June 30, 2002

Exhibit A-8

	Pension Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 12,978,421	2,483,985
Cash collateral for securities lending	151,854,950	-
Accounts receivable	-	43,295
Accrued interest and dividends receivable	14,567,568	978
Receivable from sale of pension investments	90,245,405	-
Due from intergovernmental units	-	34,447
Investments, at fair value	3,069,409,520	40,112,772
Equipment	-	2,328,200
Total assets	3,339,055,864	\$ 45,003,677
LIABILITIES		
Accounts payable and accrued liabilities	3,560,139	1,922,374
Payable for purchase of pension investments	275,718,105	-
Liabilities for collateral received under securities lending agreements	151,854,950	-
Liabilities under reimbursement agreements	-	41,858,701
Interfund payable	45,041	-
Obligations under capital lease and installment purchases	-	1,222,602
Total liabilities	431,178,235	\$ 45,003,677
NET ASSETS		
Held in trust for pension benefits	\$ 2,907,877,629	
See accompanying notes to the financial statements.		

COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Plan Net Assets
Pension Trust Funds
For the fiscal year ended June 30, 2002

Exhibit A-9

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 64,940,333
Plan members	39,446,006
Total contributions	<u>104,386,339</u>
Investment income:	
Net depreciation in fair value of investments	(217,799,689)
Interest	62,575,775
Dividends	26,494,633
Securities lending	4,713,216
Other	59,631
Total investment loss	<u>(123,956,434)</u>
Less investment expenses:	
Investment fees and other	9,705,424
Securities lending	3,659,009
Total investment expenses	<u>13,364,433</u>
Net investment loss	<u>(137,320,867)</u>
Total additions	<u>(32,934,528)</u>
DEDUCTIONS	
Benefits	114,844,347
Refunds of contributions	4,665,035
Administrative expenses	1,226,792
Total deductions	<u>120,736,174</u>
Net decrease	(153,670,702)
Net assets, July 1, 2001	<u>3,061,548,331</u>
Net assets, June 30, 2002	<u>\$ 2,907,877,629</u>
See accompanying notes to the financial statements.	

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2002

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
ASSETS					
Equity in pooled cash and temporary investments	\$ 200,846,413	20,372,282	17,263,984	-	238,482,679
Cash in banks	-	6,856,581	-	-	6,856,581
Receivables (net of allowances):					
Accounts	7,073,691	1,945,668	37,469	-	9,056,828
Accrued interest	57,959	47,337	8,016	-	113,312
Notes	-	6,814,090	-	-	6,814,090
Mortgages	-	56,202	-	-	56,202
Other	-	1,653,470	-	-	1,653,470
Due from intergovernmental units	33,983,535	-	-	-	33,983,535
Due from primary government	6,566,691	-	1,254,122	103,822	7,924,635
Inventories of supplies	4,392,981	-	-	-	4,392,981
Prepaid items and other assets	-	602,453	-	-	602,453
Restricted assets:					
Equity in pooled cash and temporary investments	14,766,420	-	1,294,473	-	16,060,893
Cash with fiscal agents	-	7,444,059	-	-	7,444,059
Certificates of deposit - performance bonds	-	723,988	-	-	723,988
Investments	-	2,693,421	2,121,653	-	4,815,074
Land held for sale	-	4,599,973	-	-	4,599,973
Capital assets:					
Non-depreciable:					
Land	43,410,537	30,098,466	246,872,703	-	320,381,706
Construction in progress	300,848,525	10,942,126	8,305,807	-	320,096,458
Depreciable:					
Equipment	129,255,868	2,351,071	11,589,747	7,002	143,203,688
Library collections	20,678,288	-	-	-	20,678,288
Buildings and improvements	1,438,891,208	146,448,935	176,925,599	-	1,762,265,742
Accumulated depreciation	(556,329,740)	(62,399,054)	(95,189,281)	(4,201)	(713,922,276)
Total capital assets, net	1,376,754,686	127,441,544	348,504,575	2,801	1,852,703,606
Deferred bond issuance costs	-	-	506,433	-	506,433
Total assets	\$ 1,644,442,376	181,251,068	370,990,725	106,623	2,196,790,792

See accompanying notes to the financial statements.

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
LIABILITIES					
Accounts payable and accrued liabilities	\$ 114,355,950	6,965,724	3,072,196	103,822	124,497,692
Contract retainages	10,836,156	-	144,381	-	10,980,537
Due to primary government	-	1,591,703	-	-	1,591,703
Accrued interest payable	-	-	774,947	-	774,947
Deferred revenue	6,346,909	3,189,043	4,563,232	-	14,099,184
Performance and other deposits	-	1,101,306	103,654	-	1,204,960
Long-term liabilities:					
Portion due or payable within one year:					
Revenue bonds payable, net	-	297,153	450,040	-	747,193
Notes payable	-	6,491,310	16,064,972	-	22,556,282
Compensated absences	13,722,404	382,174	2,121,696	103,589	16,329,863
Capital leases	7,536,543	-	-	-	7,536,543
Insurance and benefit claims payable	17,012,925	-	-	-	17,012,925
Other	-	124,057	-	-	124,057
Portion due or payable after one year:					
Revenue bonds payable, net	-	11,675,225	12,295,676	-	23,970,901
Notes payable	-	61,206,028	-	-	61,206,028
Compensated absences	8,773,340	458,037	1,551,495	26,385	10,809,257
Capital leases	20,144,259	-	-	-	20,144,259
Insurance and benefit claims payable	12,074,500	-	-	-	12,074,500
Other	-	1,678,785	-	-	1,678,785
Total liabilities	210,802,986	95,160,545	41,142,289	233,796	347,339,616
NET ASSETS					
Invested in capital assets, net of related debt	1,376,754,686	50,376,514	320,774,784	2,801	1,747,908,785
Restricted for:					
Housing	-	10,586,137	-	-	10,586,137
Capital projects	14,766,420	-	1,294,473	-	16,060,893
Debt service	-	-	1,080,897	-	1,080,897
Unrestricted (deficit)	42,118,284	25,127,872	6,698,282	(129,974)	73,814,464
Total net assets	\$ 1,433,639,390	86,090,523	329,848,436	(127,173)	1,849,451,176

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2002

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 1,574,535,598	78,281,595	100,156,368	7,985,121
FCRHA:				
Community development	55,349,525	17,821,086	31,049,548	3,253,183
Park Authority:				
Parks, recreation and cultural	62,851,329	28,885,584	-	438,332
EDA:				
Community development	7,292,427	-	-	-
Total component units	\$ 1,700,028,879	124,988,265	131,205,916	11,676,636

General revenues:

Grants and contributions not restricted to specific programs
Revenue from the use of money and property
Share of Commonwealth's lottery proceeds
Payment from primary government
Other

Total general revenues

Change in net assets

Net assets, July 1, 2001, as restated

Net assets, June 30, 2002

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Public Schools	FCRHA	Park Authority	EDA	Total Component Units
(1,388,112,514)	-	-	-	(1,388,112,514)
-	(3,225,708)	-	-	(3,225,708)
-	-	(33,527,413)	-	(33,527,413)
-	-	-	(7,292,427)	(7,292,427)
(1,388,112,514)	(3,225,708)	(33,527,413)	(7,292,427)	(1,432,158,062)
280,906,232	-	85,061,838	-	365,968,070
613,144	976,173	373,872	-	1,963,189
7,682,332	-	-	-	7,682,332
1,208,290,392	-	36,176,933	7,297,001	1,251,764,326
7,497,943	3,675,966	-	-	11,173,909
1,504,990,043	4,652,139	121,612,643	7,297,001	1,638,551,826
116,877,529	1,426,431	88,085,230	4,574	206,393,764
1,316,761,861	84,664,092	241,763,206	(131,747)	1,643,057,412
\$ 1,433,639,390	86,090,523	329,848,436	(127,173)	1,849,451,176



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Fairfax, Virginia (the County) is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors which makes policies for the administration of the County. The Board of Supervisors comprises ten members: the Chairman, elected at large for a four-year term, and one member from each of nine supervisor districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board of Supervisors.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

1. Reporting Entity

As required by GAAP, the accompanying financial statements present the financial data of the County (the primary government) and its component units. The financial data of the component units are included in the County's basic financial statements because of the significance of their operational or financial relationships with the County. The County and its component units are together referred to herein as the reporting entity.

Blended Component Units

Blended component units are entities that are legally separate from the County but that are so closely related to the County that they are, in essence, extensions of the County. The blended component units that are reported as part of the primary government are:

Solid Waste Authority of Fairfax County (SWA) - The SWA is considered a blended component unit because the Board of Supervisors comprises the Board of Directors of the SWA and has the ability to impose its will on the SWA.

The SWA is authorized under the Virginia Water and Waste Authorities Act and was created by the Board of Supervisors on June 29, 1987. The SWA has financed the construction of a solid waste to energy facility which is operated by a commercial entity in accordance with agreements between the County, the SWA, and the commercial entity. The assets of the SWA are reported in an agency fund of the County, the Resource Recovery Fund. Separate financial statements of the SWA can be obtained by writing to the Financial Reporting Division, Department of Finance, Suite 214, 12000 Government Center Parkway, Fairfax, Virginia 22035.

The County has assumed the responsibility for the management oversight of the arrangement between the SWA and the commercial entity and for providing sufficient solid waste to result in a financially viable operation; this oversight activity is reported in a special revenue fund of the County, the Energy Resource Recovery Facility Fund.

Small District One - The Board of Supervisors created Small District One, which is located within the Dranesville Magisterial District, in 1970 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the McLean Community Center Fund, because it is governed by the Board of Supervisors, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District One.

Small District Five - The Board of Supervisors created Small District Five, which is located within the Dranesville and Hunter Mill Magisterial Districts, in 1975 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the Reston Community Center Fund, because it is governed by the Board of Supervisors, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District Five.

Discretely Presented Component Units

The component units columns in the financial statements include the financial data of the County's other component units. They are presented in separate columns to emphasize that they are legally separate from the County. Separate financial statements of the component units can be obtained by writing to the Financial Reporting Division, Department of Finance, Suite 214, 12000 Government Center Parkway, Fairfax, Virginia 22035. All of the component units have a fiscal year end of June 30. The discretely presented component units are:

Fairfax County Public Schools (Public Schools) - Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County; Public Schools operations are funded primarily by transfers from the County's General Fund and the County issues general obligation debt for Public Schools' capital projects.

Fairfax County Redevelopment and Housing Authority (FCRHA) - FCRHA plans, coordinates and directs the low income housing programs within the County under the Virginia Housing Authorities Law. FCRHA was approved by a voter referendum in November 1965 and was activated by the Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The Board of Supervisors appoints FCRHA's Board of Commissioners and the County provides certain managerial and related financial assistance to FCRHA.

Fairfax County Park Authority (Park Authority) - The Park Authority was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board of Supervisors appoints the Park Authority's governing board, and the County provides funding for the Park Authority's General Fund and one of its capital projects funds. A memorandum of understanding currently in effect between the County and the Park Authority defines the roles of the County and the Park Authority.

Fairfax County Economic Development Authority (EDA) - EDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created by resolutions of the Board of Supervisors. EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. EDA also operates the Fairfax County Convention and Visitors Bureau, established to attract business travelers and meetings and conventions to the County. The Board of Supervisors appoints the seven members of the Authority's commission which appoints the Authority's executive director. The Board of Supervisors appropriates funds annually to EDA for operating expenditures incurred in carrying out its mission.

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of the Fairfax County Water Authority (FCWA) and the Industrial Development Authority of Fairfax County (IDAFCA), but the County's accountability does not extend beyond making the appointments. The IDAFCA does not have a significant operational or financial relationship with the County. The FCWA bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2002, the FCWA collected approximately \$60.8 million on behalf of the County, and as of June 30, 2002, the County has receivables of approximately \$13 million due from the FCWA.

Joint Venture

The County is a participant in the Upper Occoquan Sewage Authority (UOSA). UOSA is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to construct, finance, and operate the regional sewage treatment facility in the upper portion of the Occoquan Watershed. UOSA was formed on March 3, 1971, by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-member board of directors consisting of two members from each participating jurisdiction appointed to four-year terms. The UOSA Board of Directors adopts an annual operating budget based on projected sewage flows. The County has no explicit and measurable interest in UOSA but does have an ongoing financial responsibility for its share of UOSA's operating costs, construction costs and annual debt service. Complete financial statements of UOSA can be obtained by writing to UOSA, P.O. Box 918, Centreville, Virginia 20122.

2. Basis of Presentation

Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to avoid the double-counting of interfund activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed primarily by fees charged to external parties. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each activity of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular activity. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major funds:

Governmental Fund: The General Fund is the County's primary operating fund, and it is used to account for all revenue sources and expenditures which are not required to be accounted for in other funds.

Enterprise Fund: The Fairfax County Integrated Sewer System (Sewer System) is the only enterprise fund of the County. This fund is used to account for the financing, construction, and operations of the countywide sewer system.

The County reports the following nonmajor governmental fund types:

Special Revenue Funds: The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds: The debt service funds are used to account for the accumulation of resources for, and the payment of, the general obligation debt service of the County and for the debt service of the lease revenue bonds and special assessment debt. Included in this fund type is the School Debt Service Fund as the County is responsible for servicing the general obligation debt it has issued on behalf of Public Schools.

Capital Projects Funds: The capital projects funds are used to account for financial resources used for all general construction projects other than enterprise fund construction.

The County reports the following additional fund types:

Internal Service Funds: These funds are proprietary funds used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, supplies, document services, and technology infrastructure support that are provided to County departments on a cost reimbursement basis.

Pension Trust Funds: These are fiduciary funds used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans – the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System.

Agency Funds: These are fiduciary funds used to account for monies received, held and disbursed on behalf of certain developers, certain welfare recipients, the recipients of certain bond proceeds, the Commonwealth of Virginia, and certain other local governments.

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Pension Trust Fund Statements

The government-wide, proprietary, and pension trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. For the pension trust funds, both member and employer contributions to each plan are recognized in the

period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the Sewer System, principal operating revenues include sales to existing customers for continuing sewer service. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Also, unbilled Sewer System receivables, net of an allowance for uncollectible accounts, are recorded at year end to the extent they can be estimated.

In preparing the financial statements of the proprietary funds, the County has not elected to apply the option provided in Paragraph 7 of GASB Statement No. 20 titled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." Therefore, the reporting entity has applied all Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Sewer System and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental and Agency Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter. The primary revenues susceptible to accrual include property, business license and other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt and certain other general long-term obligations, such as compensated absences and landfill closure and postclosure care costs, are recognized only to the extent they have matured. General capital asset acquisitions are reported as capital outlays in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The agency funds also use the modified accrual basis of accounting to recognize assets and liabilities. In addition, the effect of interfund activity has not been eliminated from the fund financial statements.

4. Budgetary Data

The Board of Supervisors adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. By March 1, the County Executive submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During April, public hearings are conducted to obtain taxpayer comments. By May 1, the budget is legally enacted through passage of an appropriation resolution.
- b. The operating budget includes all County appropriated funds and certain non-appropriated funds. The non-appropriated funds are primarily certain funds of the Park Authority and the FCRHA that are not financed by the County.
- c. Budget reviews are held during the fiscal year. Public hearings are held if the recommended increase in the appropriated budget is greater than \$500,000, or one percent of revenues.
- d. The budget is controlled at certain legal and administrative levels. The Code of Virginia requires that the County annually adopt a balanced budget. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level and identifies administrative controls at the character or project level. The County's Department of Management and Budget is authorized to transfer budgeted amounts between characters or projects within any agency or fund as a management function. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.
- e. Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for all governmental funds, except that:

revenue from investments is recognized in the governmental funds for budget purposes only if collected within 45 days of year end, instead of as earned;

amortization of deferred rent is not budgeted;

certain loans are reported as expenditures when made and as revenue when repaid for budget purposes in the Community Development Block Grant (CDBG) Fund;

offsetting revenues and expenditures related to donated food are not budgeted;

certain amounts which are budgeted as expenditures in the General Fund, certain special revenue funds and a capital projects fund have been reported as transfers out to component units;

certain reported revenues are budgeted as expenditure reductions in certain special revenue funds;

capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources;

the proceeds attributed to premiums on bonds issued for new capital projects are reported as other financing sources in the debt service funds rather than

as other financing sources in the capital projects funds and transfers out to the debt service funds;
the proceeds from the sale of refunding bonds that are deposited with an escrow agent to provide the resources to redeem refunded bonds are not budgeted as other financing sources and uses;
certain capital outlays in the General Fund and special revenue funds are budgeted as functional expenditures;
payments from or to component units are budgeted as transfers rather than functional revenues and expenditures;
the Elderly Housing Program Fund and the Homeowner and Business Loan Program Fund are budgeted as special revenue funds of the primary government but are reported as enterprise funds of the FCRHA;
the Gift Fund, which is included in the County's General Fund for reporting purposes, is treated as an agency fund;
the Consolidated Community Funding Pool Fund and the Contributory Fund, which are included in the County's General Fund for reporting purposes, are treated as special revenue funds; and
payments for retiree health benefits in the internal service fund are budgeted as transfers rather than as charges for services.

The following schedule reconciles the amounts on the Budgetary Comparison Statement – General Fund (Budget Basis) (Exhibit A-4) to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-3):

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ 13,571,050
Basis difference - Revenue from investments	(731,411)
Entity differences:	
The Gift Fund is treated as an agency fund for budget purposes	223,617
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	40,981
The Contributory Fund is treated as a special revenue fund for budget purposes	(30,738)
Net change in fund balance (GAAP basis)	\$ 13,073,499

- f. Original and final budgeted amounts are shown; amendments were not significant in relation to the original budget.
- g. Appropriations lapse at June 30 unless the Board of Supervisors approves carrying them forward to the next fiscal year.

5. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. The component units also invest in the pooled cash account. As of June 30, 2002, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership

percentages. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Interest earned, less an administrative charge, is allocated generally to the respective funds and component units based on each fund's or unit's equity in the pooled account. In accordance with the County's legally adopted operating budget, interest earned by certain funds is assigned directly to the General Fund.

For the year ended June 30, 2002, interest earned by certain funds assigned directly to the County's General Fund is as follows:

Primary Government	
Special Revenue Funds:	
County Transit Systems	\$ 419,858
Federal/State Grants	3,368
Aging Grants and Programs	41,391
Cable Communications	313,528
Fairfax-Falls Church Community Services Board	1,190,920
Housing Trust	43,228
Debt Service Funds:	
County Debt Service	1,355,290
School Debt Service	1,470,456
Capital Projects Funds:	
Countywide Roadway Improvement	56,279
Library Construction	16,981
County Construction	545,078
Primary and Secondary Road Bond Construction	261,122
Sidewalk Construction	112,868
Public Works Construction	309,539
Metro Operations and Construction	228,093
Storm Drainage Bond Construction	4,830
County Bond Construction	194,944
Public Safety Construction	4,604
Trail Construction	8,710
Neighborhood Improvement	3,575
Commercial Revitalization Program	6,542
Pro Rata Drainage Construction	550,191
Housing Assistance Program	49,577
Housing General Obligation Bond Construction	2,108
Internal Service Funds:	
Retiree Health Benefits	31,395
Vehicle Services	412,221
Document Services	80,852
Technology Infrastructure Services	371,398
Agency Funds:	
State Taxes	869
Lake Barcroft Watershed	1,050
Total primary government	\$ 8,090,865

Component Units	
Public Schools:	
General Fund	\$ 2,723,032
Special Revenue Fund - Grants and Self-Supporting Programs	29,865
Capital Projects Fund	451,847
Internal Service Fund - Insurance	526,789
Internal Service Fund - Central Procurement	1,241
Total Public Schools	3,732,774
FCRHA	57,287
Park Authority - Capital Projects Fund - Construction Bond	38,021
Total component units	3,828,082
<hr/>	
Total reporting entity	\$ 11,918,947

6. Cash and Cash Equivalents

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

7. Investments

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date, which occurs approximately three business days after the trade date. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets and as related liabilities for collateral received.

8. Derivatives

The County Retirement Systems (the Systems), which include the Employees', Police Officers, and Uniformed Systems, as well as the Educational Retirement System of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. The Systems may invest in various derivative instruments on a limited basis, in order to increase potential earnings and to hedge against potential losses.

During fiscal year 2002, the Systems invested in derivative instruments, which are generally not reported in the financial statements, and some traditional securities that have derivative-like characteristics, which generally are reported. Derivative investments include futures, forwards, and options or swap contracts. Traditional securities with derivative-like characteristics include structured notes, in which the return may be linked

to one or more investment indexes and certain asset-backed securities, such as collateralized mortgage obligations, whose values are sensitive to changes in interest rates and prepayments.

The Systems enter into these types of investments to:

- gain market exposure to the S&P 500 and the U.S. Treasury indexes in a more efficient way and at lower transaction costs;
- effect settlement of securities traded in currencies other than U.S. dollars and to protect the base currency (U.S. dollars) from fluctuations in the exchange rates of foreign currencies;
- increase earnings;
- provide exposure to portions of the mortgage market; and/or
- control duration within the portfolio.

These investments generally contain market risks due to:

- adverse changes in market prices;
- changes in interest rates and the level of the underlying prepayments; and/or
- adverse movements in currency exchange rates.

The credit risks associated with these investments are inherent with the:

- creditworthiness of the counterparties to the contracts; and
- creditworthiness of the related consumers or mortgagees.

The Systems are indirectly exposed to market and credit risks associated with ownership interest in certain mutual funds which hold futures contracts, options, collateralized mortgage obligations, interest-only strip securities, and call warrants.

At June 30, 2002, the notional values of the derivative investments, including mutual funds that are not reported in the financial statements are: Employees' - \$892 million, Police Officers - \$57 million, Uniformed - \$1.13 million, and Educational - \$36.8 million.

The table below shows the percentage of in-financial-statement investments in derivatives, including mutual funds, to the total portfolio (at fair value) for each system at June 30, 2002, and the range of holdings for the fiscal year, as derived from quarterly reports.

	At June 30, 2002	High During Year	Low During Year
Retirement System:			
Employees'	5.0 %	5.0 %	0.0 %
Police Officers	4.0	4.0	2.0
Uniformed	0.0	0.0	0.0
Educational	2.0	2.8	2.0

9. Inventories and Prepaid Items

The purchases method of accounting for inventories and prepaid items is used in the General Fund and special revenue funds. Under this method, the cost is recorded as an expenditure at the time individual items are purchased. At year end, a portion of the fund balance is reserved for the ending balances. This reserve is maintained to indicate that a

portion of the fund balance is not available for future appropriations. Inventories are valued and carried on an average unit cost basis.

The consumption method of accounting for inventories and prepaid items is used in the proprietary fund types. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts and prepaid items are expensed in the period to which they apply.

10. Restricted Assets

Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. The County holds certificates of deposit purchased by developers under the terms of performance agreements. The County may require a developer to enter into these agreements in order to ensure that certain structures and improvements are completed according to approved site plans. The certificates, issued by various financial institutions, are released to the developer when the terms of the agreement have been satisfied. The amount of the certificates held is reported as a restricted asset in the General Fund.

In accordance with the provisions of the 1985 General Bond Resolution, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Additionally, the State Water Control Board (SWCB) regulations require the removal of ammonia-nitrogen from the discharges from the County's Noman Cole Pollution Control Plant and the Alexandria and Arlington County Wastewater Treatment Plants. Certain assets are restricted to fund the construction of nitrogen removal facilities. As of June 30, 2002, the Sewer System has cash and investments of \$176,019,172 that are restricted for the following uses:

Restricted Assets of the Sewer System	
Extensions and improvements	\$ 114,374,322
Nitrogen removal facilities	36,300,000
Long-term debt service requirements	21,453,438
Current debt service requirements	3,891,412
Total restricted assets	<u>\$ 176,019,172</u>

In accordance with requirements of the U.S. Department of Housing and Urban Development and the Virginia Housing Development Authority, the FCRHA is required to maintain certain restricted deposits and funded reserves for repairs and replacements.

The Park Authority has restricted assets representing the amount of the debt service reserve requirement pertaining to its outstanding revenue bonds.

11. Capital Assets

Capital assets, including land, buildings, improvements, equipment, library collections, purchased capacity, and infrastructure, that individually cost \$5,000 and over, with useful lives greater than one year are reported in the proprietary funds and applicable governmental or business-type activities columns in the government-wide financial statements. The County has capitalized general infrastructure assets, including solid waste disposal facilities, storm water management facilities, public drainage systems, mass transportation facilities, commercial revitalization improvements, and public trails and walkways that were acquired or substantially improved subsequent to July 1, 1980. The County does not capitalize roads and bridges as these belong to the Commonwealth of Virginia.

Purchased capacity consists of payments made by the Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, Alexandria Sanitation Authority (ASA), Arlington County, and Prince William County Service Authority (PWCSA) for the Sewer System's allocated share of improvements to certain specified treatment facilities owned and operated by these jurisdictions.

Purchased capital assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value as of the date of donation. Capital assets are depreciated/amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Capital Assets	Useful Lives
Infrastructure	10 - 100 years
Sewer lines	50 years
Buildings	30 - 50 years
Purchased capacity	30 years
Improvements	10 - 30 years
Equipment	5 - 15 years
Library collections	5 years

No depreciation is taken in the year of acquisition for infrastructure and library collections; depreciation/amortization on other capital assets commences when the assets are purchased or are substantially complete and ready for use. For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use are initially capitalized as construction in progress and are transferred to buildings or improvements when the assets are substantially complete and ready for use.

12. Compensated Absences

All reporting entity employees earn annual leave based on a prescribed formula which allows employees with less than ten years of service to accumulate a maximum of 240 hours and employees with ten years or more of service to accumulate a maximum of 320 hours of annual leave as of the end of each year. In addition, employees, except for Public Schools employees, may accrue compensatory leave for hours worked in excess of

their scheduled hours. Compensatory leave in excess of 240 hours at the end of the year is forfeited.

The current pay rate, including certain additional employer-related fringe benefits, is used to calculate compensated absences accruals at June 30. The entire liability for compensated absences is reported in the government-wide and proprietary fund statements, whereas, only the matured portion resulting from employee resignations and retirements is reported in the governmental fund statements.

13. Net Assets

Net assets are comprised of three categories: Net assets invested in capital assets, net of related debt; Restricted net assets; and Unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, net of related debt. Net assets which are neither restricted nor related to capital assets, are reported as unrestricted net assets.

The County issues debt to finance the construction of school facilities for the Public Schools and park facilities for the Park Authority component units because Public Schools does not have borrowing or taxing authority and the Park Authority does not have taxing authority. The County reports this debt, whereas the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, in the Statement of Net Assets (Exhibit A), the debt reduces unrestricted net assets for the primary government, while the capital assets are reported in net assets invested in capital assets, net of related debt and the unspent bond proceeds are reported in restricted net assets for Public Schools and the Park Authority. Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$984,800,430 is reclassified as shown below to present the total reporting entity column of Exhibit A:

Net Assets (summarized)	Primary Government	Component Units	Reclassification of Debt Issued for:		Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	
Invested in capital assets, net of related debt	\$ 1,527,415,368	1,747,908,785	(879,420,157)	(89,319,380)	2,306,584,616
Restricted for:					
Capital projects	-	16,060,893	(14,766,420)	(1,294,473)	-
Other	165,657,952	11,667,034	-	-	177,324,986
Unrestricted	(717,637,187)	73,814,464	894,186,577	90,613,853	340,977,707
Total net assets	\$ 975,436,133	1,849,451,176	-	-	2,824,887,309

14. Designations of Unreserved Fund Balances

Unreserved fund balances as of June 30, 2002, have the following significant designations:

Designation	Amount
<u>Primary Government</u>	
General Fund:	
Revenue stabilization during periods of economic downturn	\$ 27,492,910
Emergency needs and loss of revenue sources through actions of other governments	46,457,565
Special Revenue Funds:	
I-95 Refuse Disposal Fund - Landfill closure and postclosure costs	65,769,732
Energy Resource Recovery Facility Fund - Solid waste disposal	6,600,908
Total - Primary government	<u>\$ 146,321,115</u>
<u>Component Unit - Park Authority</u>	
Park Capital Improvement Fund - E.C. Lawrence Park expenditures	<u>\$ 1,507,926</u>

15. Recovered Costs

Reimbursements from another government, organization or private company for utilities, tuition fees, vehicle insurance and services rendered or provided to citizens are recorded as recovered costs.

16. Intermunicipal Agreements

The Sewer System has entered into several intermunicipal agreements for the purpose of sharing sewage flow and treatment facility costs (see Note J). The payments made to reimburse operating costs and debt service requirements are recorded as expenses in the year due. Payments made to fund the Sewer System's portion of facility expansion and upgrade costs are capitalized as purchased capacity (see Note K). The Sewer System amortizes these costs over the period in which benefits are expected to be derived, which is generally 30 years.

The City of Fairfax (the City) makes payments to the County for the City's share of governmental services and debt service costs. Payments for governmental services such as court, jail, custody, health, library, and County agent services are recorded as revenue in the General Fund. Debt service payments represent the City's share of principal and interest and are recorded as revenue in the County Debt Service Fund. In addition, the City pays the County a share of the local portion of all public assistance payments and services including related administrative costs, which is recorded as revenue in the General Fund. The City of Falls Church receives its governmental services from Arlington County. However, Falls Church makes payments to Fairfax County for the full cost of the local portion of public assistance payments (including allocated administrative costs) and for the use of special County health facilities by Falls Church residents. These payments are recorded as revenue in the General Fund.

The County and the cities of Fairfax and Falls Church comprise the Fairfax-Falls Church Community Services Board (CSB), established under State mandate in 1969, to provide mental health, mental retardation and drug and alcohol abuse treatment services to residents of the three jurisdictions. The CSB uses the County as its fiscal agent. The operations of the CSB, including payments received from these cities for services performed by the County, are reported in a special revenue fund.

17. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. DEPOSITS AND INVESTMENTS

1. Deposits

At June 30, 2002, all of the reporting entity's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

A summary of the reporting entity's public deposits at June 30, 2002, is as follows:

	Carrying Value	Bank Balance
Primary government	\$ 135,858,182	137,134,243
Component units	67,573,271	68,512,822
Total reporting entity	\$ 203,431,453	205,647,065

The bank balance above includes the pooled cash account which, for reporting purposes, has been allocated between the primary government and the participating component units. The differences between carrying values and bank balances generally result from checks outstanding and deposits in transit at June 30, 2002.

2. Allowed Investments

Except for its pension funds, under the Virginia Investment of Public Funds Act, the reporting entity is authorized to purchase the following investments:

- Commercial paper
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- U.S. Treasury and agency securities
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local government units located within other states
- Savings accounts or time deposits in any bank or savings and loan association within the Commonwealth that complies with the Virginia Security for Public Deposits Act

The reporting entity's investment policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market value of the securities underlying repurchase agreements is monitored on a daily basis during the year by the reporting entity to ensure compliance with the policy.

3. Pension Fund Investments

The authority to establish pension funds is set forth in the Code of Virginia, which authorizes the following investments for pension funds:

- U.S. Treasury and agency securities
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local governmental units located within other states
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank

In addition, the Code of Virginia provides that the reporting entity may purchase other investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in the Code.

Boards of Trustees policies permit the pension funds to lend their securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The pension funds' custodians are the agents in lending the pension funds' domestic and international securities for collateral of 102 and 105 percent, respectively, of the market value of the related security. The custodians receive cash, securities and irrevocable bank letters as collateral. All securities loans can be terminated on demand by either the pension funds or the borrowers. Cash collateral is invested in the lending agents' collective collateral investment pools. The pension funds do not have the ability to pledge or sell securities received as collateral in the absence of borrower default. The relationship between the maturities of the investment pools and the pension funds' loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pools, which the pension funds cannot determine.

The pension funds did not impose any restrictions during the period on the amounts of loans the lending agents made on their behalf, and the agents have agreed to indemnify the pension funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension funds had no credit risk exposure to borrowers because the amounts the pension funds owed the borrower exceeded the amounts the borrowers owed the pension funds.

4. Custodial Credit Risk Categories

The reporting entity's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity as of June 30, 2002. Category 1 includes investments that are insured or registered, or securities held by the reporting entity or its agent in the reporting entity's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterparty's trust department or agent in the reporting entity's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the reporting entity's name. Securities lent for securities and irrevocable letters of credit collateral are classified according to the category of the collateral received. All of the reporting entity's investments are Category 1 investments, except for mutual funds, short-term investment funds, securities lending short-term collateral investment pools and investments held under securities loans with cash collateral, which are not categorized because such investments are not evidenced by specific securities.

5. Investments at June 30, 2002

The reporting entity's investments as of June 30, 2002, are summarized below at carrying value:

INVESTMENTS AT JUNE 30, 2002	
Primary Government	
Pooled Investments:	
Bankers acceptances	\$ 149,554,877
Commercial paper	320,747,255
U.S. Treasury securities	254,471,568
Repurchase agreements	67,478,275
Total pooled investments	792,251,975
Integrated Sewer System Fund:	
Repurchase agreements	7,701,712
U.S. Treasury securities	16,621,820
Obligations of authorities of the Commonwealth of Virginia	21,418,061
Total Integrated Sewer System Fund	45,741,593
Vienna/Huntington Metrorail Fund:	
Repurchase agreements	2,199,569
Total Vienna/Huntington Metrorail Fund	2,199,569
Resource Recovery Fund:	
Repurchase agreements	8,373,138
U.S. Treasury securities	24,429,514
Total Resource Recovery Fund	32,802,652
Employees' Retirement System Fund:	
Short-Term Investments:	
Certificates of deposits	2,000,329
Time deposits	5,000,000
Commercial paper	76,864,913
Repurchase agreements	49,959,078
Corporate bonds	9,521,869
Asset-backed securities	55,037,426
Government bonds	11,026,633
Common and Preferred Stock - Not on securities loan	538,518,231
U.S. Treasury securities:	
Not on securities loan	13,982,574
On securities loan for letter of credit collateral	560,031
Asset-backed securities - Not on securities loan	214,864,850
Other bonds and notes	139,744,715
Total Employees' Retirement System Fund	1,117,080,649
Police Officers Retirement System Fund:	
Short-Term Investments:	
Time deposits	7,000,000
Repurchase agreements	72,209,304
Corporate bonds	16,878,368
Common and Preferred Stock - Not on securities loan	235,868,439
U.S. Treasury securities:	
Not on securities loan	6,052,174
On securities loan for letter of credit collateral	44,561
Asset-backed securities:	
Not on securities loan	76,151,513
On securities loan for letter of credit collateral	267,150
Other bonds and notes	71,437,005
Total Police Officers Retirement System Fund	\$ 485,908,514

INVESTMENTS AT JUNE 30, 2002 (continued)	
Uniformed Retirement System Fund:	
Short-Term Investments:	
Time deposits	\$ 3,000,000
Repurchase agreements	30,857,009
Asset-backed securities	5,833,080
Government bonds	998,740
Corporate bonds	7,701,227
Common and Preferred Stock - Not on securities loan	107,018,261
U.S. Treasury securities:	
Not on securities loan	10,817,999
On securities loan for letter of credit collateral	4,450,906
Asset-backed securities:	
Not on securities loan	92,501,660
On securities loan for letter of credit collateral	518,440
Other bonds and notes - Not on securities loan	77,880,596
Total Uniformed Retirement System Fund	341,577,918
Mutual and Short-Term Investment Funds:	
Integrated Sewer System Fund	2,615
Vienna/Huntington Metrorail Fund	5,085,404
Resource Recovery Fund	25,146
Employees' Retirement System Fund	601,935,524
Police Officers Retirement System Fund	83,222,470
Uniformed Retirement System Fund	298,155,781
Total mutual and short-term investment funds	988,426,940
Securities Lending Short-Term Collateral Investment Pools:	
Employees' Retirement System Fund	78,786,454
Police Officers Retirement System Fund	33,811,115
Uniformed Retirement System Fund:	39,257,381
Total securities lending short-term collateral investment pools	151,854,950
Investments Held under Securities Loans with Cash Collateral:	
Employees' Retirement System Fund:	
Common and preferred stock	14,570,828
U.S. Treasury securities	20,652,971
Asset-backed securities	6,635,571
Other bonds and notes	32,490,912
Police Officers Retirement System Fund:	
Common and preferred stock	1,508,809
U.S. Treasury securities	9,509,540
Asset-backed securities	10,110,600
Other bonds and notes	10,801,558
Uniformed Retirement System Fund:	
Common and preferred stock	4,280,962
U.S. Treasury securities	8,189,288
Asset-backed securities	12,345,331
Other bonds and notes	10,432,295
Total investments held under securities loans with cash collateral	141,528,665
Total primary government	\$ 4,099,373,425

Notes to the Financial Statements

INVESTMENTS AT JUNE 30, 2002 (continued)

Component Units	
Pooled Investments:	
Bankers acceptances	\$ 41,079,208
Commercial paper	88,101,728
U.S. Treasury securities	69,897,355
Repurchase agreements	18,534,695
Total pooled investments	217,612,986
FCRHA - Repurchase agreements	2,693,421
Park Authority - Money Market	2,121,653
Educational Employees' Supplementary Retirement System Fund:	
Investments Not Held under Securities Loans with Cash Collateral:	
Short-Term Investments - Not on securities loan	52,590,942
U.S. Treasury Securities:	
Not on securities loan	6,923,406
On securities loan for securities collateral	942,450
Corporate bonds	123,249,260
Common Stock - Not on securities loan	761,225,327
Preferred stock	2,272,905
Asset-backed securities	160,843,513
Other bonds and notes	72,387,306
Mutual Funds	93,568,935
Money Market	34,910,700
Securities Lending Short-Term Collateral Investment Pool	128,195,137
Total investments not held under securities loans with cash collateral	1,437,109,881
Investments Held under Securities Loans with Cash Collateral:	
Short-term investments	4,273,405
Common and preferred stock	24,324,770
U.S. Treasury securities	79,725,345
Asset-backed securities	2,819,551
Other bonds and notes	13,412,636
Total investments held under securities loans with cash collateral	124,555,707
Total component units	\$ 1,784,093,648
Total reporting entity	\$ 5,883,467,073

Reconciliation of the Statements of Net Assets to Total Deposits and Investments	Primary Government			Component Units		
	Governmental and Business-Type Activities (Exhibit A)	Fiduciary Funds (Exhibit A-8)	Total Primary Government	Component Units (Exhibit A)	Fiduciary Funds (Exhibit J-9)	Total Component Units
Equity in pooled cash and temporary investments	\$ 728,239,986	15,462,406	743,702,392	238,482,679	-	238,482,679
Cash in banks	-	-	-	6,856,581	268,275	7,124,856
Cash with fiscal agents	-	-	-	-	15,349,781	15,349,781
Cash collateral for securities lending	-	151,854,950	151,854,950	-	-	-
Investments	21,418,061	3,109,522,292	3,130,940,353	-	1,561,665,589	1,561,665,589
Restricted Assets:						
Equity in pooled cash and temporary investments	183,000,796	-	183,000,796	16,060,893	-	16,060,893
Cash with fiscal agents	925,270	-	925,270	7,444,059	-	7,444,059
Certificate of deposit - performance bonds	481,699	-	481,699	723,988	-	723,988
Investments	24,326,147	-	24,326,147	4,815,074	-	4,815,074
Total cash and investments	\$ 958,391,959	3,276,839,648	4,235,231,607	274,383,274	1,577,283,645	1,851,666,919
Total deposits, including performance bonds			135,858,182			67,573,271
Total investments			4,099,373,425			1,784,093,648
Total deposits and investments			\$ 4,235,231,607			1,851,666,919

C. PROPERTY TAXES

Real estate is assessed on January 1 each year at the estimated fair market value of all land and improvements. Real estate taxes are due in equal installments, on July 28 and December 5. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer, and after three years, foreclosure proceedings can be initiated.

Personal property taxes on vehicles and business property are based on the estimated fair market value at January 1 each year. The tax on a vehicle may be prorated for the length of time the vehicle has situs in the County. A declaration form is required to be filed, and there is a ten percent penalty for late filing. Personal property taxes together with vehicle decal fees are due on October 5, with certain exceptions. Delinquency notices are sent before statutory measures, such as the seizure of property and the placing of liens on bank accounts and/or wages, are initiated.

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2002, after allowances for uncollectible amounts, is \$20,072,737, of which \$2,908,624 has been included in tax revenue for fiscal year 2002 because it was collected within 45 days after June 30.

As required by GAAP, the County reports real estate and personal property taxes (net of allowances) assessed for calendar year 2002 as receivables and deferred revenue because the County has an enforceable legal claim to these resources at June 30, 2002; however, these resources, which amount to \$1,794,277,000, will not be available to the County until fiscal year 2003.

The 1998 Virginia General Assembly enacted the Personal Property Tax Relief Act to provide property tax relief, scheduled to be phased in over five years, on the first \$20,000 of value of motor vehicles not used for business purposes. Due to budget constraints, the 2002 Virginia General Assembly has temporarily frozen the tax reduction at 70 percent. The scheduled tax reductions are reflected in the County's invoices to the taxpayers. Following receipt by the County of the reduced tax amounts, the Commonwealth reimburses the County for the tax reductions plus certain administrative costs. For fiscal year 2002, payments from the Commonwealth totaling \$188,573,375 are reported as intergovernmental revenue in the General Fund.

D. RECEIVABLES

Receivables and allowances for uncollectible receivables of the primary government at June 30, 2002, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total (Exhibit A)	Fiduciary Funds	Total Primary Government
Receivables:							
Accounts	\$ 10,339,068	17,081,439	-	311,450	27,731,957	43,295	27,775,252
Accrued interest	249,495	331,347	111,100	15,899	707,841	14,568,546	15,276,387
Property taxes:							
Delinquent	44,193,405	-	-	-	44,193,405	-	44,193,405
Not yet due	1,607,769,014	7,538,000	-	-	1,615,307,014	-	1,615,307,014
Business license taxes - delinquent	6,591,036	-	-	-	6,591,036	-	6,591,036
Receivable from sale of pension investments	-	-	-	-	-	90,245,405	90,245,405
Notes	-	5,667,848	-	-	5,667,848	-	5,667,848
Other	-	-	-	-	45,041 *	-	45,041
Total receivables	1,669,142,018	30,618,634	111,100	327,349	1,700,244,142	104,857,246	1,805,101,388
Allowances for uncollectibles:							
Accounts receivable	-	281,781	-	-	281,781	-	563,562
Property taxes:							
Delinquent	24,120,668	-	-	-	24,120,668	-	48,241,336
Not yet due	6,369,000	-	-	-	6,369,000	-	12,738,000
Business license taxes - delinquent	4,172,132	-	-	-	4,172,132	-	8,344,264
Total allowances for uncollectibles	34,661,800	281,781	-	-	34,943,581	-	69,887,162
Total net receivables	\$ 1,634,480,218	30,336,853	111,100	327,349	1,665,300,561	104,857,246	1,735,214,226

* The other receivables amount represents the amount due from fiduciary funds on a government-wide basis.

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2002, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2001	\$ 4,949,394	12,810,203	17,759,597
2000	1,440,986	4,543,769	5,984,755
1999	693,974	3,645,008	4,338,982
Prior Years	2,040,974	7,495,264	9,536,238
Total delinquent taxes	9,125,328	28,494,244	37,619,572
Penalty and interest			6,573,833
Total delinquent taxes, penalty and interest			44,193,405
Allowances for uncollectibles			24,120,668
Net delinquent tax receivables			\$ 20,072,737

Receivables of the component units, excluding fiduciary funds, at June 30, 2002, consist of the following:

	Public Schools	FCRHA	Park Authority	Total
Receivables:				
Accounts	\$ 7,073,691	1,945,668	37,469	9,056,828
Accrued interest	57,959	47,337	8,016	113,312
Notes	-	9,182,434	-	9,182,434
Mortgages	-	56,202	-	56,202
Other	-	1,653,470	-	1,653,470
Total receivables	7,131,650	12,885,111	45,485	20,062,246
Allowances for uncollectibles	-	2,368,344	-	2,368,344
Total net receivables	\$ 7,131,650	10,516,767	45,485	17,693,902

Notes to the Financial Statements

Amounts due to the primary government and component units from other governmental units at June 30, 2002, include:

	Primary Government					Component Unit		
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	Fiduciary Funds	Total	Public Schools	Total Reporting Entity
Federal government	\$ 2,774,402	7,944,444	161,512	10,880,358	-	21,760,716	18,669,906	40,430,622
State government:				-				
Property taxes:				-				
Delinquent	10,802,775	-	-	10,802,775	-	21,605,550	-	21,605,550
Allowance for uncollectibles	(5,596,681)	-	-	(5,596,681)	-	(11,193,362)	-	(11,193,362)
Not yet due	177,486,300	-	-	177,486,300	-	354,972,600	-	354,972,600
Allowance for uncollectibles	(5,786,100)	-	-	(5,786,100)	-	(11,572,200)	-	(11,572,200)
Other	30,001,557	6,141,939		36,143,496	34,447	72,321,439	15,241,736	87,563,175
Local governments	1,003,290	987,965	18,470,944	20,462,199	-	40,924,398	71,893	40,996,291
Total governmental units	\$ 210,685,543	15,074,348	18,632,456	244,392,347	34,447	488,819,141	33,983,535	522,802,676

E. INTERFUND BALANCES AND TRANSFERS

Payments for fringe benefits are made through the General Fund on behalf of all funds of the County. As a result, interfund payables primarily represent the portion of fringe benefits to be paid by certain other funds to the General Fund. Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. The composition of interfund balances as of June 30, 2002, is as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 4,367,200	-
Nonmajor Governmental Funds	-	3,608,213
Enterprise Fund	-	126,958
Internal Service Funds	187,637	774,625
Fiduciary Funds	-	45,041
Total primary government	\$ 4,554,837	4,554,837
Component Unit		
Public Schools:		
General Fund	\$ 5,400,000	-
Nonmajor Governmental Funds	-	3,700,000
Internal Service Funds	-	1,700,000
Total component units	\$ 5,400,000	5,400,000

Notes to the Financial Statements

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2002, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units	Primary Government	
Public Schools	General Fund	\$ 81,235
	Government-wide long-term obligation	6,485,456
Park Authority	General Fund	1,005,946
	Nonmajor Governmental Funds	248,176
EDA	General Fund	103,822
	Total	<u>\$ 7,924,635</u>
Primary Government	Component Unit	
Nonmajor Governmental Funds	FCRHA	<u>\$ 1,591,703</u>

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2002, are as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ 4,614,594	341,424,523
Nonmajor Governmental Funds	343,909,898	6,854,969
Internal Service Funds	2,755,000	3,000,000
Total primary government	<u>\$ 351,279,492</u>	<u>351,279,492</u>
Component Unit		
Public Schools:		
General Fund	\$ 1,516,947	26,101,844
Nonmajor Governmental Funds	25,832,938	-
Internal Service Funds	268,906	1,516,947
Park Authority:		
Nonmajor Governmental Funds	1,379,575	1,379,575
Total component units	<u>\$ 28,998,366</u>	<u>28,998,366</u>

F. CAPITAL ASSETS

The primary government has restated the balances of capital assets at July 1, 2001, to include infrastructure assets and library collections in connection with its implementation of Governmental Accounting Standards Board Statement No. 34 (see also Note L). In addition, the primary government reclassified certain capital assets and removed certain maintenance and landfill closure expenditures that were improperly classified as capital assets in prior years.

Notes to the Financial Statements

As a result, the capital asset balances for the governmental activities of the primary government were restated as follows:

Total capital assets, net, July 1, 2001, as previously reported	\$ 1,154,198,398
Infrastructure assets, net, and library collections, net, not previously reported as capital assets	312,566,693
Other adjustments, net	(157,988,795)
Total capital assets, net, July 1, 2001, as restated	\$ 1,308,776,296

Capital assets activity for the primary government for the year ended June 30, 2002, is as follows:

	Balances July 1, 2001, as restated	Increases	Decreases	Balances June 30, 2002
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 319,542,863	16,246,729	(10,343,751)	325,445,841
Construction in progress	27,768,043	45,671,964	(21,317,559)	52,122,448
Total capital assets, not being depreciated	347,310,906	61,918,693	(31,661,310)	377,568,289
Capital assets, being depreciated:				
Buildings	669,886,363	37,226,769	(16,310,489)	690,802,643
Improvements	58,828,352	78,515	-	58,906,867
Equipment	192,065,758	28,902,920	(7,218,959)	213,749,719
Infrastructure	365,147,656	11,404,712	-	376,552,368
Library collections	27,841,600	5,616,968	-	33,458,568
Total capital assets, being depreciated	1,313,769,729	83,229,884	(23,529,448)	1,373,470,165
Less accumulated depreciation for:				
Buildings	(141,796,637)	(15,119,224)	1,081,010	(155,834,851)
Improvements	(20,761,179)	(2,462,469)	-	(23,223,648)
Equipment	(109,323,960)	(27,269,721)	3,826,090	(132,767,591)
Infrastructure	(70,800,720)	(9,308,384)	-	(80,109,104)
Library collections	(9,621,843)	(5,568,320)	-	(15,190,163)
Total accumulated depreciation	(352,304,339)	(59,728,118)	4,907,100	(407,125,357)
Total capital assets, being depreciated, net	961,465,390	23,501,766	(18,622,348)	966,344,808
Total capital assets, net - Governmental activities	1,308,776,296	85,420,459	(50,283,658)	1,343,913,097
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	17,383,765	-	(37,685)	17,346,080
Construction in progress	100,995,040	20,362,928	(3,679,360)	117,678,608
Total capital assets, not being depreciated/amortized	118,378,805	20,362,928	(3,717,045)	135,024,688
Capital assets, being depreciated/amortized:				
Buildings	55,221,333	-	-	55,221,333
Improvements	673,339,156	12,259,856	-	685,599,012
Equipment	7,986,091	1,693,274	(326,186)	9,353,179
Purchased capacity	494,320,042	43,545,699	-	537,865,741
Total capital assets, being depreciated/amortized	1,230,866,622	57,498,829	(326,186)	1,288,039,265
Less accumulated depreciation/amortization for:				
Buildings	(23,141,433)	(1,128,895)	-	(24,270,328)
Improvements	(252,283,405)	(15,733,976)	-	(268,017,381)
Equipment	(5,899,458)	(991,825)	319,940	(6,571,343)
Purchased capacity	(34,060,948)	(5,618,542)	-	(39,679,490)
Total accumulated depreciation/amortization	(315,385,244)	(23,473,238)	319,940	(338,538,542)
Total capital assets, being depreciated/amortized, net	915,481,378	34,025,591	(6,246)	949,500,723
Total capital assets, net - Business-type activities	1,033,860,183	54,388,519	(3,723,291)	1,084,525,411
Total capital assets, net - Primary government	\$ 2,342,636,479	139,808,978	(54,006,949)	2,428,438,508

Notes to the Financial Statements

The Public Schools component unit also restated the balances of capital assets at July 1, 2001, to include library collections and accumulated depreciation in accordance with its implementation of Governmental Accounting Standards Board Statement No. 34 (see also Note L). As a result, the capital asset balances for Public Schools were restated as follows:

Total capital assets, July 1, 2001, as previously reported	\$ 1,741,944,093
Library collections, not previously reported as capital assets	17,348,989
Accumulated depreciation, not previously reported	(509,913,297)
Total capital assets, net, July 1, 2001, as restated	<u>\$ 1,249,379,785</u>

Capital assets activity for component units for the year ended June 30, 2002, is as follows:

	Balances July 1, 2001, as restated	Increases	Decreases	Balances June 30, 2002
Component Units				
Public Schools				
Capital assets, not being depreciated:				
Land	\$ 41,421,804	11,525,152	(9,536,419)	43,410,537
Construction in progress	225,664,151	181,012,730	(105,828,356)	300,848,525
Total capital assets, not being depreciated	<u>267,085,955</u>	<u>192,537,882</u>	<u>(115,364,775)</u>	<u>344,259,062</u>
Capital assets, being depreciated:				
Buildings	901,026,196	15,935,254	(179,834,387)	737,127,063
Improvements	454,439,520	249,384,707	(2,060,082)	701,764,145
Equipment	119,392,422	20,450,452	(10,587,006)	129,255,868
Library collections	17,348,989	3,329,299	-	20,678,288
Total capital assets, being depreciated	<u>1,492,207,127</u>	<u>289,099,712</u>	<u>(192,481,475)</u>	<u>1,588,825,364</u>
Less accumulated depreciation for:				
Buildings	(269,733,766)	(14,463,111)	-	(284,196,877)
Improvements	(169,649,911)	(25,808,569)	-	(195,458,480)
Equipment	(64,329,382)	(10,797,272)	8,122,307	(67,004,347)
Library collections	(6,200,238)	(3,469,798)	-	(9,670,036)
Total accumulated depreciation	<u>(509,913,297)</u>	<u>(54,538,750)</u>	<u>8,122,307</u>	<u>(556,329,740)</u>
Total capital assets, being depreciated, net	<u>982,293,830</u>	<u>234,560,962</u>	<u>(184,359,168)</u>	<u>1,032,495,624</u>
Total capital assets, net - Public Schools	<u>1,249,379,785</u>	<u>427,098,844</u>	<u>(299,723,943)</u>	<u>1,376,754,686</u>
FCRHA				
Capital assets, not being depreciated:				
Land	29,156,983	941,483	-	30,098,466
Construction in progress	9,213,833	3,669,517	(1,941,224)	10,942,126
Total capital assets, not being depreciated	<u>38,370,816</u>	<u>4,611,000</u>	<u>(1,941,224)</u>	<u>41,040,592</u>
Capital assets, being depreciated:				
Buildings and improvements	136,583,074	9,865,861	-	146,448,935
Equipment	5,158,731	57,843	(2,865,503)	2,351,071
Total capital assets, being depreciated	<u>141,741,805</u>	<u>9,923,704</u>	<u>(2,865,503)</u>	<u>148,800,006</u>
Less accumulated depreciation for:				
Buildings and improvements	(54,971,212)	(5,036,727)	-	(60,007,939)
Equipment	(2,325,601)	(65,514)	-	(2,391,115)
Total accumulated depreciation	<u>(57,296,813)</u>	<u>(5,102,241)</u>	<u>-</u>	<u>(62,399,054)</u>
Total capital assets, being depreciated, net	<u>84,444,992</u>	<u>4,821,463</u>	<u>(2,865,503)</u>	<u>86,400,952</u>
Total capital assets, net - FCRHA	<u>\$ 122,815,808</u>	<u>9,432,463</u>	<u>(4,806,727)</u>	<u>127,441,544</u>

Notes to the Financial Statements

	Balances July 1, 2001, as restated	Increases	Decreases	Balances June 30, 2002
Component Units (continued)				
Park Authority				
Capital assets, not being depreciated:				
Land	\$ 161,221,642	85,662,890	(11,829)	246,872,703
Construction in progress	3,445,309	9,721,119	(4,860,621)	8,305,807
Total capital assets, not being depreciated	164,666,951	95,384,009	(4,872,450)	255,178,510
Capital assets, being depreciated:				
Buildings and improvements	169,419,117	7,506,482	-	176,925,599
Equipment	11,155,963	532,483	(98,699)	11,589,747
Total capital assets, being depreciated	180,575,080	8,038,965	(98,699)	188,515,346
Less accumulated depreciation for:				
Buildings and improvements	(81,658,928)	(4,951,137)	-	(86,610,065)
Equipment	(7,505,114)	(1,172,801)	98,699	(8,579,216)
Total accumulated depreciation	(89,164,042)	(6,123,938)	98,699	(95,189,281)
Total capital assets, being depreciated, net	91,411,038	1,915,027	-	93,326,065
Total capital assets, net - Park Authority	256,077,989	97,299,036	(4,872,450)	348,504,575
EDA				
Capital assets, being depreciated - Equipment	13,141	-	(6,139)	7,002
Less accumulated depreciation - Equipment	(8,940)	(1,400)	6,139	(4,201)
Total capital assets, net - EDA	4,201	(1,400)	-	2,801
Total capital assets, net - Component units	\$ 1,628,277,783	533,828,943	(309,403,120)	1,852,703,606

Depreciation and amortization expense for the year ended June 30, 2002, charged to the functions of the primary government and component units is as follows:

	Primary Government	Component Units	Total Reporting Entity
Primary Government:			
General government administration	\$ 17,199,553	-	17,199,553
Judicial administration	1,426,212	-	1,426,212
Public safety	8,903,954	-	8,903,954
Public works	34,438,093	-	34,438,093
Health and welfare	2,440,214	-	2,440,214
Community development	11,383,394	-	11,383,394
Parks, recreation and cultural	7,409,936	-	7,409,936
Component Units:			
Public Schools	-	54,538,750	54,538,750
FCRHA	-	5,102,241	5,102,241
Park Authority	-	6,123,938	6,123,938
EDA	-	1,400	1,400
Total depreciation and amortization expense	\$ 83,201,356	65,766,329	148,967,685

G. RETIREMENT PLANS

The reporting entity administers the following four separate public employee retirement systems that provide pension benefits for various classes of employees; in addition, professional employees of Public Schools participate in a plan sponsored and administered by the Virginia Retirement System (VRS).

1. Fairfax County Employees' Retirement System

Plan Description

The Fairfax County Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan which covers only employees of the reporting entity. The plan covers full-time and certain part-time employees of the reporting entity who are not covered by other plans of the reporting entity or the VRS. Information regarding membership in the ERS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. The benefit for early retirement is actuarially reduced and payable at early termination.

The ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

Funding Policy

The contribution requirements of ERS members are established and may be amended by County ordinances. Members may elect to join Plan A or Plan B. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B requires member contributions of 5.33 percent of compensation. The reporting entity is required to contribute at an actuarially determined rate; the fiscal year 2002 rate is 6.12 percent of annual covered payroll.

Annual Pension Cost

For the years ended June 30, 2002, 2001 and 2000, the County's and Public Schools' annual pension costs were equal to their required and actual contributions, as follows:

	Annual Pension Costs for Years Ended June 30		
	2002	2001	2000
Primary Government	\$ 22,800,675	21,993,157	19,912,422
Public Schools	8,283,130	7,967,827	7,221,173
Total	\$ 31,083,805	29,960,984	27,133,595

The required contributions for fiscal year 2002 were determined as part of the July 1, 2000 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.3 to 5.4 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of ERS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. ERS's excess of assets is being amortized as a level percentage of projected payroll on a rolling fifteen-year weighted-average basis. On a weighted-average basis, the remaining amortization period, which is closed as of July 1, 2001, is 16.35 years.

Concentrations

The ERS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

2. Fairfax County Police Officers Retirement System

Plan Description

The Fairfax County Police Officers Retirement System (PORS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia. The plan covers County police officers who are not covered by other plans of the reporting entity or the VRS and former Park Police officers who elected to transfer to the PORS from the Uniformed Retirement System effective January 22, 1983. Information regarding membership in the PORS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attained the age of 55 or completed 20 years of creditable service, or (b) if employed on or after July 1, 1981; attained the age of 55 or completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

The PORS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police Officers Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

Funding Policy

The contribution requirements of PORS members are established and may be amended by County ordinances. Member contributions are based on 12.0 percent of compensation. The County is required to contribute at an actuarially determined rate; the fiscal year 2002 rate is 21.79 percent of annual covered payroll.

Annual Pension Cost

For each of the years ended June 30, 2002, 2001, and 2000, the County's annual pension cost of \$15,077,920, \$17,149,427, and \$11,950,073, respectively, was equal to its required and actual contributions. The required contribution was determined as part of the July 1, 2000 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.5 to 8.0 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the PORS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PORS's excess of assets is being amortized as a level percentage of projected payroll on a thirty-year basis. On a weighted-average basis, the remaining amortization period, which is closed at July 1, 2001, is 3.56 years.

Concentrations

The PORS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

3. Fairfax County Uniformed Retirement System

Plan Description

The Fairfax County Uniformed Retirement System (URS) is a single-employer defined benefit pension plan. The plan covers uniformed employees including non-clerical employees of the Fire and Rescue Department and Office of Sheriff, Park Police, Helicopter Pilots, Animal Wardens and Game Wardens who are not covered by other plans of the reporting entity or the VRS. Information regarding membership in the URS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of creditable service, or (b) complete 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement employees must have 20 years of creditable service. The benefit for early retirement is actuarially reduced and payable at early termination.

The URS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Uniformed Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

Funding Policy

The contribution requirements of URS members are established and may be amended by County ordinances. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981 and to enroll in Plan C as of April 1, 1997. From July 1, 1981 through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997 forward all new hires are enrolled in Plan D. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D requires contributions of 7.08 percent of compensation. The County is required to contribute at an actuarially determined rate; the fiscal year 2002 rate is 18.93 percent of annual covered payroll.

Annual Pension Cost

For each of the years ended June 30, 2002, 2001, and 2000, the County's annual pension cost of \$18,778,608, \$18,818,351, and \$16,489,406, respectively, was equal to its required and actual contributions. The required contribution was determined as part of the July 1, 2000 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.1 to 6.1 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of URS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. URS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a rolling fifteen-year basis. The weighted average remaining amortization period, which is closed at July 1, 2001, is 15 years.

Concentrations

The URS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

4. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Description

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate single-employer retirement system established under the Code of Virginia. The ERFC covers all full-time educational and civil service employees who are employed by the Public Schools and who are not covered by other plans of the reporting entity. The ERFC contains two plans, ERFC and ERFC 2001. ERFC is the original defined benefit plan effective July 1, 1973 and remains in effect. It is, however, closed to new members. Effective July 1, 2001, all new-hire full-time educational and civil service employees are enrolled in the ERFC 2001 plan. This new defined benefit plan incorporates a streamlined stand-alone retirement benefit and allows vested (after five years) members to have a one-time irrevocable option of transferring to a new defined contribution plan. The details of the new defined contribution plan are still being developed and will be incorporated into the plan document when finalized.

The ERFC and ERFC 2001 plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Annual post-retirement increases of 3.0 percent are effective each March 31. All benefits vest after five years of creditable service. Benefit provisions are established and may be amended by the Fairfax County Public School Board. The ERFC plan supplements the Virginia Retirement System plan. The benefit

structure is designed to provide a level retirement benefit through a combined ERFC/VRS benefit structure. The ERFC 2001 plan has a stand-alone structure. Member contributions for the ERFC and ERFC 2001 plans are made through an arrangement which results in a deferral of taxes on the contributions. Further analysis of member contributions may be found in Article III of the ERFC and ERFC 2001 Plan Documents.

The ERFC and ERFC 2001 plans are divided into 12 types of benefit payments. Minimum eligibility conditions for receipt of full benefits range from members attaining the age of 55 with 25 years of creditable service to completing five years of creditable service prior to age 65. A description of each of the 12 types of benefits payments is contained in the actuarial valuation at June 30, 2001. Total plan membership for the plans is disclosed in item 6 of this note.

The ERFC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Educational Employees' Supplementary Retirement System, 8001 Forbes Place, Springfield, VA 22151.

Funding Policy

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board of Trustees. All members are required to contribute 2.0 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. For fiscal year 2002, the Public Schools is required to contribute 3.69 percent of annual covered payroll for educational employees and civil service employees.

Annual Pension Cost

For each of the years ended June 30, 2002, 2001, and 2000, the Public Schools' annual pension cost of \$30,849,067, \$29,145,883, and \$35,655,898, respectively, was equal to its required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.0 to 8.2 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the ERFC's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. ERFC's excess of assets is being amortized as a level percentage of projected payroll over a period of future years, which has never exceeded 30 years. The remaining amortization period, which is closed at June 30, 2001, was 30 years.

Concentrations

The ERFC plans do not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets available for benefits.

5. Virginia Retirement System

Plan Description

The Public Schools contributes to the Virginia Retirement System (VRS) on behalf of covered professional Public Schools employees. VRS is a cost-sharing multiple-employer public employee defined benefit pension plan administered by the Commonwealth of Virginia for its political subdivisions. All full-time, salaried permanent employees of participating employers must participate in the VRS.

In accordance with the requirements established by State statute, the VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The VRS issues a publicly available annual report that includes financial statements and required supplementary information for the VRS. This report can be obtained by writing the Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy

Plan members are required by State statute to contribute 5.0 percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, the Public Schools is required to contribute at an actuarially determined rate. The rate for fiscal year 2002 was 3.6 percent of annual creditable compensation. State statute may be amended only by the Commonwealth of Virginia Legislature. The Public Schools' contributions to the VRS for the years ended June 30, 2002, 2001 and 2000 were \$30,939,858, \$60,201,616, and \$73,823,688, respectively, equal to the required contributions for each year.

6. Current Plan Membership

At June 30, 2001, the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of:

	<u>Primary Government</u>			<u>Component Unit - Public Schools</u>
	<u>Police Employees' Retirement System</u>	<u>Officers Retirement System</u>	<u>Uniformed Retirement System</u>	<u>Educational Employees' Supplementary Retirement System</u>
Retirees and beneficiaries receiving benefits	3,974	631	636	5,766
Terminated employees entitled to, but not yet receiving, benefits	409	4	18	1,157
Active employees	13,849	1,169	1,620	15,955
Total number of plan members	18,232	1,804	2,274	22,878

7. Required Supplementary Information

Pension trend data, including the schedule of funding progress and the schedule of employer contributions, can be found in the required supplementary information section immediately following the notes to the financial statements.

H. RISK MANAGEMENT

The reporting entity is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The County and the Public Schools maintain self-insurance internal service funds for workers' compensation claims and certain property and casualty risks and for health insurance benefits. The County and Public Schools believe that it is more cost effective to manage certain risks internally rather than purchase commercial insurance. The Park Authority, EDA and FCRHA participate in the County's self-insurance program. Participating funds and agencies are charged "premiums" which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis. Liabilities are reported in the self-insurance funds when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Because actual claims liabilities depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims liabilities is reevaluated periodically, to include an annual actuarial study, to take into consideration the history, frequency and severity of recent claims and other economic and social factors. These liabilities are computed using a combination of actual claims experience and actuarially determined amounts and include any specific, incremental claim adjustment expenses and estimated recoveries.

The claims liabilities in the self-insurance funds are discounted at 5.5 percent at June 30, 2002 and 2001, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2002 and 2001 are as follows:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits
Liability balances, June 30, 2000	\$ 16,107,277	3,457,592	18,854,999	7,640,694
Claims and changes in estimates	8,854,630	35,100,692	4,483,453	103,027,936
Claims payments	(6,157,349)	(34,366,140)	(4,377,586)	(100,629,497)
Liability balances, June 30, 2001	18,804,558	4,192,144	18,960,866	10,039,133
Claims and changes in estimates	7,391,885	42,719,119	2,032,032	113,611,060
Claims payments	(6,799,596)	(40,610,994)	(4,991,539)	(110,564,127)
Liability balances, June 30, 2002	\$ 19,396,847	6,300,269	16,001,359	13,086,066

In addition to the self-insurance program, commercial property insurance is carried for buildings and contents plus certain large and costly items such as fire apparatus and helicopters. Excess liability and workers' compensation insurance policies are maintained for exposures above a \$1,000,000 self-insured retention. Settled claims have not exceeded any of these commercial coverages in any of the past three fiscal years.

I. LONG-TERM OBLIGATIONS

The following is a summary of changes in the government-wide long-term obligations of the reporting entity for the year ended June 30, 2002:

Summary of Long-Term Obligations (000)					
	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 1,441,279	258,935	180,568	1,519,646	129,870
Premium on bonds payable	-	5,025	-	5,025	494
Deferred amount on refundings	-	(2,227)	-	(2,227)	(186)
Revenue bonds payable	110,485	-	3,835	106,650	4,030
Special assessment debt with governmental commitment	600	-	75	525	75
State Literary Fund loans	409	-	89	320	90
Compensated absences payable	66,172	46,399	40,013	72,558	44,228
Landfill closure and postclosure obligation	52,111	13,878	219	65,770	16,393
Obligations under capital leases	22,913	33,641	5,596	50,958	9,133
Insurance and benefit claims payable	22,997	50,111	47,411	25,697	13,263
Obligations for claims and judgments	1,419	-	1,219	200	200
Obligation to component unit	8,106	-	1,621	6,485	1,621
Total governmental activities - Primary government	1,726,491	405,762	280,646	1,851,607	219,211
Business-type activities - Sewer System					
Sewer revenue bonds payable:					
Principal amount of bonds payable	442,583	50,000	8,061	484,522	10,249
Discount on bonds payable	(990)	-	(64)	(926)	(64)
Compensated absences payable	1,753	989	1,069	1,673	1,054
Total business-type activities - Primary government	443,346	50,989	9,066	485,269	11,239
Total long-term liabilities - Primary government	\$ 2,169,837	456,751	289,712	2,336,876	230,450
Component Units					
Public Schools					
Compensated absences payable	\$ 23,210	13,434	14,148	22,496	13,722
Obligations under capital leases	22,656	23,441	18,416	27,681	7,537
Insurance and benefit claims payable	29,000	115,643	115,556	29,087	17,013
Total Public Schools	74,866	152,518	148,120	79,264	38,272
FCRHA					
Revenue bonds payable	12,745	960	1,733	11,972	297
Notes payable	60,157	11,117	3,577	67,697	6,491
Public housing loans	1,922	-	119	1,803	124
Compensated absences payable	852	508	520	840	382
Total FCRHA	75,676	12,585	5,949	82,312	7,294
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	12,720	13,015	12,000	13,735	505
Discount on bonds payable	-	(94)	-	(94)	(5)
Deferred amount on refundings	-	(895)	-	(895)	(50)
Revenue notes payable	14,881	16,065	14,881	16,065	16,065
Compensated absences payable	3,417	2,293	2,037	3,673	2,122
Total Park Authority	31,018	30,384	28,918	32,484	18,637
EDA					
Compensated absences payable	136	112	118	130	104
Total long-term liabilities - Component units	\$ 181,696	195,599	183,105	194,190	64,307
Total long-term liabilities - Reporting entity	\$ 2,351,533	652,350	472,817	2,531,066	294,757

Compensated absences, capital leases and installment purchases, obligation to component unit, and claims and judgments for the primary government will be liquidated by the General Fund and other governmental funds. The sanitary landfill closure and postclosure obligation will be liquidated by the Energy Resource Recovery Facility Fund, a special revenue fund.

1. General Obligation Bonds

General obligation bonds have been issued to provide funding for long-term capital improvements. In addition, they have been issued to refund outstanding general obligation bonds when market conditions enabled the County to achieve significant reductions in its debt service payments. Such bonds are direct obligations of the County, and the full faith and credit of the County are pledged as security. The County is required to submit to public referendum for authority to issue general obligation bonds. At June 30, 2002, the amount of such bonds authorized and unissued is summarized as follows:

Bond Purpose	Amount (000)
School improvements	\$ 510,430
Transportation improvements	57,460
Parks and park facilities	47,900
Commercial and redevelopment area improvement	20,580
Neighborhood improvements	2,820
Human services facilities	1,185
Storm drainage improvements	4,660
Adult detention facilities	8,520
Public safety facilities	75,920
Juvenile detention facilities	1,050
Total authorized but unissued bonds	<u>\$ 730,525</u>

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness which the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits which provide that the County's net debt will not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service will not exceed ten percent of the annual combined General Fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of \$1 billion over a five-year period or an average of \$200 million annually, with a maximum of \$225 million in any given year. All self-imposed bond limits have been complied with at June 30, 2002.

On June 13, 2002, the County issued \$258,935,000 of Series 2002A General Obligation Public Improvement and Refunding Bonds dated June 1, 2002, with an average coupon interest rate of 4.61 percent. Of this total, \$60,935,000 were issued to currently refund \$20,155,000 of outstanding Series 1992B Bonds with an average coupon interest rate of 5.93 percent and to advance refund \$39,960,000 of outstanding Series 1995A Bonds with an average coupon interest rate of 5.43 percent. Proceeds of \$62,561,378 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1992B and 1995A Bonds on July 18, 2002, and June 1, 2003, respectively. The reacquisition prices exceeded the net

carrying amounts of the refunded bonds by \$2,226,614, and this amount is being amortized over the remaining life of the refunded bonds. The County refunded these bonds to reduce its total debt service payments over the next 13 years by approximately \$3.8 million and to obtain an economic gain (the difference between present values of the debt service payments on the old and new debt) of approximately \$3.3 million.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2002, is contained in Section 5 of this note.

2. Lease Revenue Bonds

In March 1994, the EDA issued \$116,965,000 of lease revenue bonds to finance the County's acquisition of certain land and office buildings adjacent to its main government center. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on the bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA. Neither the bonds nor the related payment responsibility of the County is a general obligation debt of the County, and the full faith and credit of the County is not pledged to the bonds for such payment responsibility.

In October 1996, the FCRHA issued \$6,390,000 of lease revenue bonds to finance the construction/renovation of two community center buildings. In December 1998, the FCRHA issued \$5,500,000 of lease revenue bonds to finance the renovation and expansion of a third community center building. Also, in May 1999, the FCRHA issued \$1,000,000 of lease revenue bonds to finance the construction of an adult day health care center to serve County residents. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest of these bonds, the related transactions, including the liability for these bonds, have been recorded in the County's financial statements and not in those of the FCRHA. Neither these bonds nor the related payment responsibility of the County is a general obligation debt of the County, and the full faith and credit of the County is not pledged to these bonds for such payment responsibility.

Detailed information regarding the lease revenue bonds outstanding as of June 30, 2002, is contained in Section 5 of this note.

3. Special Assessment Bonds

In July 1988, Small District One of the Dranesville District issued \$1.5 million of serial bonds to provide funds for the expansion and renovation of the McLean Community Center. These bonds are general obligations of the respective District, and the Board of Supervisors is obligated, in each year in which any of these bonds shall be outstanding, to levy and collect an ad valorem tax on all real property in each District subject to taxation to provide funds for the payment of debt service on the bonds. However, these bonds are not general obligations of the County, and the full faith and credit of the County are not pledged as security for any of these bonds.

Detailed information regarding the special assessment bonds outstanding as of June 30, 2002, is contained in Section 5 of this note.

4. Sewer Revenue Bonds

In May 1993, the Sewer System issued of \$72,100,000 of Series 1993 Sewer Revenue Refunding Bonds, with an average interest rate of 5.39 percent, to advance refund \$64,500,000 of Series 1986 Sewer Revenue Bonds. The Series 1993 Refunding Bonds consists of \$41,220,000 of serial bonds bearing an average interest rate of 4.86 percent, \$22,395,000 of 5.5 percent term bonds due November 15, 2013, and \$8,485,000 of 5.65 percent term bonds due November 15, 2015. The term bonds are subject to mandatory sinking fund redemption in varying amounts over fiscal years 2011 through 2016.

In July 1996, the Sewer System issued \$104,000,000 of sewer revenue bonds with an average interest rate of 5.8 percent to fund plant expansion of the wastewater treatment facilities at the County's Noman Cole Pollution Control Plant and other system improvements. These Series 1996 bonds consist of \$29,860,000 of serial bonds bearing an interest rate of 5.625 percent, \$13,725,000 of 5.7 percent term bonds due July 15, 2017, \$22,555,000 of 5.8 percent term bonds due July 15, 2022 and \$37,860,000 of 5.875 percent term bonds due July 15, 2028. The \$74,140,000 of term bonds are subject to mandatory sinking redemption in varying amounts over fiscal years 2015 through 2029.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board of Supervisors on July 29, 1985, and are payable from and secured by the net revenue generated through the Sewer System's operations. Accordingly, the Master Bond Resolution includes a rate covenant under which the Sewer System agreed that it will charge reasonable rates for the use of and services rendered by the Sewer System. Furthermore, the Sewer System will adjust the rates from time to time to generate net revenues sufficient to provide an amount equal to 100 percent of its annual principal and interest requirements and the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. In addition, payment of the principal and the interest on all bonds is insured by municipal bond insurance policies.

In January 1993, UOSA, a joint venture, issued \$63,310,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to refund earlier bonds. In January 1996, UOSA issued \$288,600,000 of Regional Sewer System Revenue Bonds to finance the cost of expanding the capacity of its wastewater treatment facilities from 32 MGD to 54 MGD and \$42,260,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to finance a prior expansion. The Sewer System's share of this debt is \$240,773,145, and it is subordinate to the sewer revenue bonds issued by the Sewer System.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 and \$50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. The proceeds have been used to finance a portion of the Sewer System's share of incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. The bonds bear interest rates of 4.1 percent per annum and 3.75 percent per annum, respectively, and collectively require semi-annual debt service payments of \$3,318,536. The bonds are subordinated to all outstanding prior bond issues of the Sewer System and payments for operation and maintenance expenses.

Notes to the Financial Statements

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2002, is contained in Section 5 of this note.

5. County Bonds Payable and Related Interest to Maturity

The County's outstanding general obligation bonds, State Literary Fund loans, lease revenue bonds, special assessment bonds, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2002, are comprised of the following issues:

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Governmental activities:								
General Obligation Bonds and Loans:								
General County:								
Series 1992B Refunding	5.60	06-15-92	11-01-02	\$ 61	56,820	63	2	65
Series 1992C Refunding	5.30	12-15-92	10-01-02	9,349	85,820	9,349	248	9,597
Series 1993A Refunding	4.90	04-01-93	06-01-03	9,625	113,053	9,625	474	10,099
Series 1993B Public Improvement	5.00	05-15-93	06-01-05	3,250	65,000	9,750	976	10,726
Series 1993C Refunding	4.80-5.40	07-15-93	05-01-12	3,845-8,285	128,635	75,815	20,811	96,626
Series 1994A Public Improvement	5.10-5.30	05-15-94	06-01-05	4,080	81,600	12,240	1,281	13,521
Series 1995A Public Improvement	4.88-5.00	05-15-95	06-01-07	1,850	36,960	9,250	1,381	10,631
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	2,510-2,512	50,250	35,152	14,100	49,252
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,450	69,000	51,750	21,432	73,182
Series 1998A Public Improvement	4.25-5.00	05-15-98	06-01-18	2,435	48,710	38,968	16,404	55,372
Series 1999A Public Improvement	4.13-5.00	04-01-99	06-01-19	2,710	54,200	46,070	19,241	65,311
Series 1999A Refunding	4.13-5.00	04-01-99	06-01-19	1,267-8,379	76,043	69,972	23,083	93,055
Series 1999B Public Improvement	4.50-5.50	12-01-99	12-01-19	180	3,600	3,240	1,580	4,820
Series 2000A Public Improvement	5.00-5.50	04-01-00	06-01-20	1,900	38,000	34,200	16,886	51,086
Series 2000B Public Improvement	4.25-5.13	12-01-00	12-01-20	110-115	2,250	2,135	980	3,115
Series 2001A Public Improvement	4.25-5.00	06-01-01	06-01-21	2,120	42,400	40,280	18,728	59,008
Series 2001A Refunding	4.25-5.00	06-01-01	06-01-10	321-17,009	82,238	81,928	15,541	97,469
Series 2002A Public Improvement	2.75-5.00	06-01-02	06-01-22	3,400	68,000	68,000	33,240	101,240
Series 2002A Refunding	2.75-5.00	06-01-02	06-01-15	1,680-3,421	26,149	26,149	7,835	33,984
Total general obligation bonds - General County					1,128,728	623,936	214,223	838,159
Schools:								
Series 1992B Refunding	5.60	06-15-92	11-01-02	64	59,140	62	2	64
Series 1992C Refunding	5.30	12-15-92	10-01-02	5,491	51,205	5,491	145	5,636
Series 1993A Refunding	4.90	04-01-93	06-01-03	7,660	89,987	7,660	373	8,033
Series 1993B Public Improvement	5.00	05-15-93	06-01-05	1,900	38,000	5,700	570	6,270
Series 1993C Refunding	4.80-5.40	07-15-93	05-01-12	3,715-8,010	124,410	73,325	20,124	93,449
Series 1994A Public Improvement	5.10-5.30	05-15-94	06-01-05	3,825	76,500	11,475	1,201	12,676
Series 1995A Public Improvement	4.88-5.00	05-15-95	06-01-07	3,150	63,000	15,750	2,352	18,102
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	3,195-3,198	63,900	44,738	17,944	62,682
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,750	75,000	56,250	23,289	79,539
Series 1997B Public Improvement	4.50-5.00	12-01-97	12-01-17	3,000	60,000	48,000	18,930	66,930
Series 1998A Public Improvement	4.25-5.00	05-15-98	06-01-18	1,365	27,290	21,833	9,189	31,022
Series 1999A Public Improvement	4.13-5.00	04-01-99	06-01-19	5,000	100,000	85,000	35,501	120,501
Series 1999A Refunding	4.13-5.00	04-01-99	06-01-14	1,053-6,961	63,172	58,128	19,177	77,305
Series 1999B Public Improvement	4.50-5.50	12-01-99	12-01-19	4,000	80,000	72,000	35,125	107,125
Series 2000A Public Improvement	5.00-5.50	04-01-00	06-01-20	2,500	50,000	45,000	22,220	67,220
Series 2000B Public Improvement	4.25-5.13	12-01-00	12-01-20	2,500	50,000	47,500	22,075	69,575
Series 2001A Public Improvement	4.25-5.00	16-01-01	06-01-21	4,000	80,000	76,000	35,333	111,333
Series 2001A Refunding	4.25-5.00	06-01-01	06-01-10	224-11,836	57,227	57,012	10,815	67,827
Series 2002A Public Improvement	2.75-5.00	06-01-02	06-01-22	6,500	130,000	130,000	63,545	193,545
Series 2002A Refunding	2.75-5.00	06-01-02	06-01-15	1,410-4,474	34,786	34,786	11,965	46,751
Total general obligation bonds - Schools					1,373,617	895,710	349,875	1,245,585
Total general obligation bonds					\$ 2,502,345	1,519,646	564,098	2,083,744

Notes to the Financial Statements

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
State Literary Fund Loans - Schools:								
Terra Centre Elementary	3.00	01-01-83	01-01-03	\$ 18	350	18	1	19
Science Lab #1	3.24	04-01-86	04-01-06	64	1,274	256	20	276
Science Lab #2	5.00	10-01-87	10-01-08	8	148	46	9	55
Total State Literary Fund loans					1,772	320	30	350
Lease Revenue Bonds:								
EDA Lease Revenue Bonds - Series 198	5.20-5.50	03-01-94	11-15-18	3,560-8,550	116,965	95,710	53,464	149,174
FCRHA Lease Revenue Bonds:								
Series 1996	5.10-5.55	09-15-96	06-01-17	240-505	6,390	5,340	2,632	7,972
Series 1998	3.70-4.85	12-01-98	06-01-18	210-390	5,500	4,615	1,987	6,602
Series 1999	4.30-5.38	05-27-99	05-01-29	20-65	1,000	985	886	1,871
Total lease revenue bonds					129,855	106,650	58,969	165,619
Special Assessment Bonds - Small District:								
One of the Dranesville District (McLean Community Center)	6.90-7.40	07-01-88	7-01-09	75	1,500	525	134	659
Total governmental activities					2,635,472	1,627,141	623,231	2,250,372
Business-type activities - Sewer System								
Revenue Bonds:								
Series 1993 Refunding	4.85-5.65	05-15-93	11-15-15	3,025-6,505	72,100	61,686	25,710	87,396
UOSA Bonds Subordinated	2.90-6.00	01-12-94	07-01-29	3,431-15,574	240,773	233,531	198,859	432,390
Series 1996	5.63-5.88	07-01-96	07-15-28	1,510-7,300	104,000	99,985	98,909	198,894
Series 2001 Subordinated	4.10	06-01-01	02-01-21	1,401-2,910	40,000	39,320	17,666	56,986
Series 2002 Subordinated	3.75	09-01-02	03-01-22	881-3,538	50,000	50,000	21,145	71,145
Total business-type activity - Sewer System					506,873	484,522	362,289	846,811
Total County bond and loan indebtedness					\$ 3,142,345	2,111,663	985,520	3,097,183

Principal and interest to maturity (in thousands) for the County's general obligation bonds, State Literary Fund loans, lease revenue bonds, special assessment bonds, and Sewer System revenue bonds outstanding at June 30, 2002, are as follows:

Fiscal Year	Governmental Activities								Business-Type Activity			
	General Obligation Bonds and Loans		State Literary Fund Loans		Lease Revenue Bonds		Special Assessment Bonds		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 129,870	72,534	90	11	4,030	5,761	75	35	10,249	23,460	144,314	101,801
2004	123,414	66,844	72	8	4,240	5,557	75	30	11,842	23,632	139,643	96,071
2005	122,456	61,064	71	6	4,450	5,335	75	25	12,288	23,026	139,340	89,456
2006	118,481	55,243	71	3	4,690	5,098	75	19	13,055	22,386	136,372	82,749
2007	114,120	49,544	8	1	4,940	4,850	75	14	14,319	21,701	133,462	76,110
2008-2012	475,780	170,139	8	1	29,030	19,917	150	11	85,354	96,879	590,322	286,947
2013-2017	303,145	73,500	-	-	37,840	11,097	-	-	100,381	73,149	441,366	157,746
2018-2022	132,380	15,230	-	-	17,035	1,266	-	-	99,022	49,508	248,437	66,004
2023-2027	-	-	-	-	270	78	-	-	93,396	25,516	93,666	25,594
2028-2032	-	-	-	-	125	10	-	-	44,616	3,032	44,741	3,042
Totals	\$ 1,519,646	564,098	320	30	106,650	58,969	525	134	484,522	362,289	2,111,663	985,520

6. Park Authority Bonds and Note Payable

In February 1995, the Park Authority issued \$13,870,000 of Park Facilities Revenue Bonds, Series 1995 to fund the construction of additional golf facilities for County residents and patrons. On September 20, 2001, the Park Authority issued \$13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001 dated September 15, 2001, with an average interest rate of 4.36 percent to advance refund \$11,670,000 of the outstanding Series 1995 Bonds with an average interest rate of 6.62 percent. Proceeds of \$12,615,112 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1995 Bonds

on July 15, 2003. The reacquisition price exceeded the net carrying amount of the refunded bonds by \$945,112, and this amount is being amortized over the remaining life of the refunded bonds. The Park Authority refunded these bonds to reduce its total debt service payments over the next 19 years by \$1,552,152 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$1,002,961. These bonds are solely the obligations of the Park Authority and are payable from the Park Revenue Fund's revenues from operations, earnings from investments, and certain fund balance reserves. The debt service requirements for the outstanding bonds are:

Fiscal Year	Component Unit - Park Authority			
	Interest Rate	Principal	Interest	Total
2003	4.39 %	\$ 505,000	487,373	992,373
2004	4.60	530,000	550,898	1,080,898
2005	3.10	555,000	523,995	1,078,995
2006	3.20	570,000	507,623	1,077,623
2007	3.40	585,000	489,953	1,074,953
2008-2012	3.85	3,245,000	2,132,172	5,377,172
2013-2017	4.43	3,930,000	1,435,867	5,365,867
2018-2021	4.75	3,815,000	463,363	4,278,363
Totals		<u>\$ 13,735,000</u>	<u>6,591,244</u>	<u>20,326,244</u>

During fiscal year 2001, the Park Authority issued subordinated park facilities revenue notes in the amounts of \$12,750,000 and \$2,131,000 to finance the acquisition of certain properties for use as parkland. Each of these notes was redeemed during fiscal year 2002 via the issuance of a new note in the amount of the maturing principal plus the accrued interest. Similar redemptions and issuances occurred in July 2002. The County has agreed to provide the Park Authority with the funds needed to meet the principal and interest payment obligations of these notes from the County's General Fund. Relevant information pertaining to these notes is shown below.

Issue Dates	Redemption & Maturity Dates	Principal	Interest Rate
March 30, 2000	July 31, 2001	\$ 12,750,000	6.825 %
May 24, 2001	August 27, 2001	2,131,000	3.870
July 31, 2001	July 31, 2002	13,912,667	3.810
August 27, 2001	July 31, 2002	2,152,305	3.625
July 31, 2002	July 31, 2003	14,442,740	2.030
July 31, 2002	July 31, 2003	2,224,691	2.030

7. FCRHA Bonds, Notes, and Loans Payable

In June 1989, the FCRHA issued \$6,120,000 of 8.95 percent Elderly Bonds, Series 1989A. On August 29, 1996, on behalf of the Little River Glen project, the FCRHA issued FHA insured mortgage revenue bonds with an original principal amount of \$6,340,000 and interest rates which vary between 4.65 and 6.10 percent with final payment due September 1, 2026, to redeem, through advance refunding, the Elderly Bonds on June 1, 1999. At June 30, 2002, \$5,870,000 was outstanding on the FHA revenue bonds.

In November 1, 1992, the FCRHA issued \$3,910,000 of special limited obligation bonds, carrying a coupon interest rate of 7.5 percent, payable semi-annually and maturing June 15, 2018. The proceeds of the bonds were used to finance the purchase of the FCRHA's Pender Drive office building. In June 1998, the FCRHA issued Series 1998 Lease Revenue bonds with an original principal amount of \$3,630,000 and an interest rate of 4.71 percent with final payment due June 15, 2018, to advance refund the outstanding special limited obligation bonds. The new bonds are secured by the FCRHA's interest in payments under the lease agreements between FCRHA and the County whereby the FCRHA leases its Pender Drive Office building to the County and a first deed of trust on the office building. Proceeds from the new bonds along with other cash sources, totaling approximately \$4,000,000, were placed in irrevocable escrow accounts to provide for all future debt service payments on the old bonds, which will be redeemed on June 15, 2018. At June 30, 2002, \$3,150,000 was outstanding on the new bonds. These bonds are not obligations of the County.

In August 1997, FCRHA issued tax-exempt revenue bonds with a principal amount totaling \$2,875,000 with an interest rate of 6.1 percent and final payments due July 1, 2027. The land, building, and equipment of the Herndon Harbor House Limited Partnership are pledged as security for the bonds. Proceeds from the bonds were placed in irrevocable escrow accounts to make a loan to the Herndon Harbor House Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility. At June 30, 2002, \$959,855 was outstanding for the new bond.

In May 1999, the FCRHA issued three Multifamily Housing Revenue Bonds in the principal amounts of \$1,500,000, \$225,000 and \$1,775,000, bearing interest at the rates of 4.0 percent, 4.875 percent and 5.5 percent, and having final payment dates of November 1, 2002, May 1, 2009, and May 1, 2029, respectively. The proceeds of these bonds were placed in irrevocable escrow accounts to provide a loan to the Herndon Harbor II Limited Partnership to finance a portion of the costs for the acquisition, construction, and equipping of the Herndon Harbor rental property, which is pledged as security for the bonds. As of June 30, 2002, \$1,992,523 was outstanding on these bonds.

To permanently finance certain public housing projects, the FCRHA issued notes to the Federal Financing Bank. These notes are payable in annual installments each November 1, until maturity in 2015 with interest at 6.6 percent. They are secured by the projects' land, buildings and equipment. Principal and interest is paid annually by HUD under the Annual Contributions Contract. As of June 30, 2002, \$1,382,842 was outstanding on the notes.

Notes to the Financial Statements

To permanently finance the Rosedale Manor public housing project, the FCRHA issued public housing bonds in the original principal amount of \$1,260,000 with interest at 5.0 percent maturing April 1, 2009. Principal and interest is paid semi-annually by HUD under the Annual Contributions Contract. As of June 30, 2002, \$420,000 was outstanding on the bonds.

The FCRHA has also issued various notes to finance its operations.

FCRHA Public Housing bonds, notes, and loans payable as of June 30, 2002, excluding its component units, are as follows:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
Housing Bonds Payable:							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 100	6,340	5,870
Lease revenue bonds	FCRHA revenues	4.71	06-15-98	06-15-18	125	3,630	3,150
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	16-30	2,875	960
Multi-family revenue bonds	Herndon Harbor II - rental property	4.00-4.875	05-01-99	05-01-29	30-40	3,500	1,992
Total bonds payable - FCRHA						16,345	11,972
Mortgage Notes Payable:							
United Bank	One University Plaza office building	5.75	11-01-97	01-31-04	13-18	363	295
SunTrust Bank	United Community Ministries	4.71	08-25-98	04-01-13	20-35	400	322
	Creighton Square	7.10	06-25-99	07-01-12	30-40	550	465
	Leland Road Group Home property	5.55	10-06-99	04-01-17	21-31	615	555
Bank of America	Cholster Town, McLean Hills and Springfield Green rental properties	8.50	04-01-95	04-01-05	7-12	1,072	841
U.S. Dept. of Housing and Urban Development	Hopkins Glen rental property	3.00	07-12-98	04-01-10	35-49	1,112	341
	Various FCRHA rental properties	6.45-9.15	02-01-92	varies	285	5,690	2,840
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	50	500	200
	Stonegate Village rental property	8.00-9.25	02-01-91	varies	55-205	1,700	710
	Various FCRHA rental properties	3.73-7.90	02-01-93	varies	155	3,100	1,705
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	2,410
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5	80	50
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	25	500	350
	Cedar Ridge rental property	1.00	05-24-95	varies	-	1,510	1,318
	Various FCRHA rental properties - 90% of Section 108 interim financing	30 day LIBOR	08-23-99	08-01-17	Int. only	215	215
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	339
	Penderbrook rental property	10.25	09-01-88	10-01-18	16-25	770	655
	Rolling Road Group Home property	8.00	09-21-00	09-01-20	5-20	234	224
	Patrick Street Group Home property	8.00	06-01-02	05-01-22	3-22	239	238
	Mount Vernon Group Home property	8.00	01-01-93	04-01-22	5-15	246	215
	West Ox Group Home property	8.00	01-01-92	11-01-02	15-20	842	743
	First Stop Group Home property	8.00	01-30-95	03-01-05	6-8	453	417
Various note holders within the Home Improvement Loan Program	Various properties owned by note holders	9.00-12.50	varies	varies	5-6	65	58
First Union Bank	Various properties-interim financing	90% of 30 day LIBOR	varies	02-13-03	Int. only	2,460	2,448
Midland Loan Services	Cedar Ridge rental property	7.05	07-01-95	07-01-35	77-100	10,131	9,719
Fairfax County Board of Supervisors	Unsecured Bond Anticipation Note	6.13	11-17-00	11-17-02	Int. only	200	200
	Unsecured Bond Anticipation Note	5.38	01-03-01	01-03-03	Int. only	500	500
	Unsecured Bond Anticipation Note	4.39	07-13-01	07-13-03	Int. only	700	700
	Unsecured Bond Anticipation Note	2.86	10-16-01	10-16-03	Int. only	1,000	1,000
	Unsecured Bond Anticipation Note	3.17	02-13-02	02-13-04	Int. only	2,400	2,400
WMF Huntoon Paige	Cedar Ridge rental property	7.05	11-01-70	09-01-10	90-100	2,850	894
Federal Financing Bank	Property, plant, and equipment	6.60	07-09-82	11-01-12	40-55	1,143	641
Total mortgage notes payable - FCRHA						45,851	34,008
Public Housing Loans Payable:							
Public housing notes - Federal Financing Bank	The projects' land, buildings, and equipment	6.60	02-05-82	11-01-15	74-100	2,348	1,383
Public housing bonds	Declaration of Trust	5.00	04-01-68	04-01-09	50-60	1,260	420
Total public housing loans payable - FCRHA						3,608	1,803
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 65,804	47,783

The FCRHA's annual required principal payments on the bonds, loans, and notes payable, excluding its component units, are as follows:

Fiscal Year	Component Unit - FCRHA							
	Bonds Payable		Public Housing Loans		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 297,153	674,154	124,057	112,518	4,485,569	1,789,078	4,906,779	2,575,750
2004	300,122	658,762	133,945	105,130	5,847,905	1,686,441	6,281,972	2,450,333
2005	318,277	643,052	143,933	97,392	1,852,514	1,558,082	2,314,724	2,298,526
2006	341,632	626,156	149,695	88,630	2,155,395	1,583,912	2,646,722	2,298,698
2007	350,195	608,297	160,616	79,710	1,177,392	1,290,288	1,688,203	1,978,295
2008-2012	2,087,829	2,731,115	711,300	255,575	5,967,505	5,166,863	8,766,634	8,153,553
2013-2017	2,757,386	2,083,150	379,296	54,708	4,040,286	3,489,070	7,176,968	5,626,928
2018-2022	2,383,251	1,326,593	-	-	1,994,246	2,651,787	4,377,497	3,978,380
2023-2027	2,881,990	565,882	-	-	1,850,554	1,979,806	4,732,544	2,545,688
2028-2032	254,543	13,911	-	-	2,586,906	1,212,623	2,841,449	1,226,534
2033-2037	-	-	-	-	2,049,454	230,360	2,049,454	230,360
Total FCHRA primary government	\$ 11,972,378	9,931,072	1,802,842	793,663	34,007,726	22,638,310	47,782,946	33,363,045

8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, which have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantee the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2002, approximately \$174 million of such tax-exempt bonds are outstanding.

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2002, the principal amounts outstanding on these IRBs total approximately \$556.8 million.

9. Defeasance of Debt

During fiscal year 2002 and in prior years, components of the reporting entity have defeased certain outstanding bonds by placing the proceeds of newly issued bonds in irrevocable escrow funds to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2002, the following amounts of outstanding bonds are considered defeased:

County general obligation bonds	\$ 60,115,000
Park Authority revenue bonds	11,670,000
FCRHA general and limited obligation bonds	3,345,932
Sewer System revenue bonds	100,000
Total reporting entity	<u>\$ 75,230,932</u>

10. Sanitary Landfill Closure and Postclosure Obligation

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing raw waste and ash disposal units are filled to capacity. As of June 30, 2002, closure expenditures have been incurred for approximately 55 percent of the area involved. A new ash disposal unit is under construction. The ash disposal units meet or exceed all EPA Subtitle D requirements for waste disposal. The County holds permits which allow it to continue using the landfill until approximately 2020. The \$49,376,935 reported as the landfill closure and postclosure care obligation – portion due or payable after one year in the Statement of Net Assets at June 30, 2002, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. The actual cost may vary due to inflation, changes in technology, or changes in regulations. The closure and postclosure care costs for the new ash disposal unit have not been determined since no waste has been accepted into this unit as of June 30, 2002. Although it is expected that the landfill closure and postclosure care costs will be funded from landfill tipping fees, if closure and postclosure care costs exceed available resources in the I-95 Refuse Disposal Fund, funding may be sought from other participants who used the landfill, such as Washington D.C., Arlington County, and the City of Alexandria; the amounts which might be obtained from these jurisdictions have not been determined.

11. Obligations Under Capital Lease and Installment Purchase Agreements

The reporting entity has financed the acquisition of certain capital assets by entering into capital leases and installment purchase agreements. The types of capital assets and the minimum obligations under these agreements as of June 30, 2002, are as follows:

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
	Minimum Obligations	Minimum Obligations
Land	\$ 3,099,226	-
Buildings	26,635,796	1,408,126
Improvements	3,029,436	-
Equipment	18,193,193	26,272,676
Total	\$ 50,957,651	27,680,802
Fiscal Year	Minimum Obligations	Minimum Obligations
2003	\$ 9,133,389	8,684,417
2004	7,891,696	8,444,116
2005	6,354,882	6,161,172
2006	6,349,822	5,009,170
2007	3,447,864	2,196,215
2008-2012	12,266,209	-
2013-2017	10,691,105	-
2018-2022	10,689,778	-
2023-2027	10,495,180	-
2028-2032	10,354,520	-
Total minimum obligations	87,674,445	30,495,090
Less portion representing interest	36,716,794	2,814,288
Present value of minimum obligation	\$ 50,957,651	27,680,802

12. Obligation to Component Unit

The County has a liability of approximately \$6.5 million to the Public Schools that originated in 1983 upon the recognition of teachers' compensation in the year services are rendered rather than over the twelve-month contract period ending in August. The County agreed to fund the original liability of approximately \$46.4 million over a period of years beginning in fiscal year 1984. Payments to Public Schools were deferred from fiscal years 1990 through 1996. In fiscal year 2002, the County paid the sixth of ten equal annual installments of \$1.62 million from the General Fund towards the remaining liability. This liability is included with "Other" long-term liabilities in the statement of net assets.

J. LONG-TERM COMMITMENTS

1. Washington Metropolitan Area Transit Authority (WMATA)

The County's commitments to WMATA are comprised of agreements to make capital contributions for construction of the rail transit system, contributions for replacement and improvement of rail and bus equipment, and payments of operating subsidies and debt service for the rail, bus and paratransit systems. The County's commitments in each of these areas are summarized below.

Capital Contributions - Rail Construction

Since 1970, the County and other local jurisdictions have entered into five Interim Capital Contribution Agreements (ICCA) with WMATA. These agreements are to provide local funds to match federal government appropriations to fund the construction of the 103-mile Metrorail Adopted Regional System. The final 13.5 miles of construction was funded through ICCA-V and Public Law 101-551. In approving ICCA-V, the jurisdictions agreed to provide local matching contributions totaling \$780 million over the life of the authorization. The agreement requires the County to provide \$113.2 million in matching funds between fiscal years 1993 and 2004. The County is providing this match through a combination of state aid, state bonds and locally generated funds.

For fiscal year 2002, the County's obligation of approximately \$3.7 million was funded with County general obligation bond proceeds. The County's total obligations to date of approximately \$237.2 million for Metrorail construction have been funded with \$129.0 million of County general obligation bond proceeds, \$105.1 million of state aid provided to the County through the NVTC and \$3.1 million of credits available at WMATA. As of June 30, 2002, the County is obligated to contribute an additional \$1.0 million toward Metrorail construction. It is anticipated that this obligation will be paid from state aid provided through the NVTC and the proceeds of County general obligation bonds.

Capital Contributions - Bus and Rail Replacement and Rehabilitation

Each fiscal year, the County makes contributions for capital purchases for WMATA's bus system and to improve the reliability of capital equipment. The County's obligation of approximately \$6.9 million for fiscal year 2002 was funded with \$3.2 million of County general obligation bond proceeds and \$3.7 million of state aid provided through the NVTC. It is anticipated that the County's obligations for fiscal year 2003 will be funded with state aid and County general obligation bond funds.

Operating Subsidies and Debt Service

The County and other local jurisdictions continue to contribute toward WMATA's deficits resulting from the operation of the Metrorail, Metrobus and MetroAccess (paratransit) systems and the debt service on federally guaranteed transit revenue bonds issued by WMATA. For fiscal year 2002, the County's obligation of approximately \$50.8 million for operating subsidies and debt service was funded with \$9.6 million from the County's Metro Operations and Construction Fund and \$41.2 million from state aid for transportation and regional gasoline tax receipts. It is anticipated that the County's expenditures for fiscal year 2003 will be approximately \$11.5 million.

2. Virginia Railway Express (VRE)

The County, as a member of the NVTC and in cooperation with the Potomac and Rappahannock Transportation Commission (PRTC), is a participating jurisdiction in the operation of the VRE commuter rail service. The service primarily consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington, DC. There are five stations in Fairfax County.

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. The Master Agreement requires the County to contribute to capital, operating and debt service costs of the VRE on a pro rata basis according to its share of ridership and population. In February 1990, NVTC sold \$79.4 million in bonds to finance passenger cars, locomotives, yard facilities and stations. Approximately \$6 million of the bond proceeds was made available to the County to assist with financing its local stations. The County's fiscal year 2002 contribution to VRE's commuter rail operating, capital and debt service cost was \$2.5 million. Also, the County has been authorized to apply \$5.2 million of general obligation bond proceeds toward the cost of commuter rail facilities within the County. Through June 30, 2002, approximately \$3.9 million of this amount has been expended.

3. Operating Lease Commitments

The County and the EDA lease real estate under various long-term lease agreements. Certain leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2002 the County's and EDA's total expenditures for these operating leases were \$11,413,944 and \$647,232, respectively. At June 30, 2002, the minimum long-term real estate lease commitments accounted for as operating leases were as follows:

Fiscal Year	Primary Government	Component Unit
	Governmental Activities	EDA
2003	\$ 10,098,248	894,485
2004	8,147,901	772,241
2005	5,907,126	882,058
2006	5,291,049	902,762
2007	3,977,109	929,845
2008-2012	5,963,157	1,669,450
2013-2017	3,336,707	-
2018-2022	1,134,205	-
2023-2027	274,853	-
2028-2032	178,654	-
Total	\$ 44,309,009	6,050,841

4. Intermunicipal Agreements

Alexandria Sanitation Authority

At June 30, 2002, the Sewer System was obligated under an agreement with the City of Alexandria, Virginia, Sanitation Authority (ASA) to share the construction and operating costs and debt service requirements for certain sewage treatment facilities. Under this agreement, the City of Alexandria is conducting the expansion and general improvement of the facilities. The Sewer System's share of the estimated cost is approximately \$180 million, of which approximately \$79 million has been incurred to date. The Sewer System is allowed only one non-voting representative at the meetings of the ASA and has no significant influence in the management of the treatment facilities. In addition, the Sewer System has no direct ongoing equity interest in the assets or liabilities of the ASA. The ASA agreement sets forth a method for allocating the construction costs associated

with the ASA's treatment facilities. The Sewer System paid the ASA \$29,158,748 in fiscal year 2002 to fund its share of construction costs, and it estimates its share of fiscal year 2003 expansion and improvements to be \$24,900,000. The Sewer System made payments to the ASA in 2002 of \$10,476,230 for its share of the ASA's operating costs.

Blue Plains Intermunicipal Agreement

In 1985, the users of the Blue Plains Waste-Water Treatment Plant - Fairfax County, the District of Columbia (District), Montgomery and Prince George's Counties in Maryland, and the Washington Suburban Sanitary Commission (WSSC) - entered into the Blue Plains Intermunicipal Agreement (IMA). The IMA sets forth the method for allocating the capital and operating costs associated with the facility. Currently, the County has a capacity entitlement of 24.69 million gallons per day (MGD) of the plant's interim treatment capacity of 325 MGD. Under the terms of the IMA, the County's capacity entitlement will increase to 31 MGD when the Blue Plains Plant is fully upgraded and expanded to 370 MGD. The County purchased this capacity entitlement through contributions to the capital construction program at the plant.

The District established an independent Water and Sewer Authority (WASA), effective April 18, 1996, to operate its water and sewer systems and the Blue Plains Plant. The WASA has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from Fairfax County. The WASA is honoring the capacity entitlements assigned to Blue Plains users under the IMA. The County has no significant control over plant operations and construction and no ownership interest in the assets of the plant under the IMA.

The Sewer System made payments of \$9,473,593 to the District in fiscal year 2002 for its share of the plant's operating costs and \$3,665,746 to fund its portion of current construction costs. For fiscal year 2003, the County estimates that its share of these costs will be \$9,500,000 and \$17,500,000, respectively.

Upper Occoquan Sewage Authority

As described in Note A, the Upper Occoquan Sewage Authority (UOSA) is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. The capacity of UOSA's treatment facility has been 32 MGD. An expansion of its facility to a capacity of 54 MGD is expected to be completed during fiscal year 2003. Each jurisdiction's allocated share of UOSA's capacity as of June 30, 2002, is as follows:

Member Jurisdiction	Old Capacity (MGD)	New Capacity (MGD)
Fairfax County	13.1899	27.5999
Prince William County	9.9981	15.7971
City of Manassas	6.8663	7.6893
City of Manassas Park	1.9457	2.9137
Total	32.0000	54.0000

UOSA's current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made payments to UOSA in fiscal year 2002 of \$8,047,974 to pay its share of USOA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2001 and 2000 (the most recent audited financial information available) is as follows:

	2001	2000
Total assets	\$ 476,454,006	467,683,474
Total liabilities	(397,135,178)	(398,620,023)
Total equity	79,318,828	69,063,451
Total revenue	45,276,862	36,822,826
Total expenses	(26,289,560)	(23,488,192)
Net income	\$ 18,987,302	13,334,634

Arlington Agreement

In January 1989, the Sewer System signed the Sewage Conveyance Treatment and Disposal Agreement (Arlington Agreement) with Arlington County, Virginia, which obligates the Sewer System to share the construction and operating costs for certain sewage treatment facilities owned and operated by Arlington County. The Sewer System has no direct on-going equity interest in the facilities' assets and liabilities. Furthermore, the Sewer System has no significant influence over the management of the treatment facilities.

The Arlington Agreement sets forth a method for allocating construction and operating costs associated with Arlington's treatment facilities. In fiscal year 2002, the Sewer System incurred costs of \$1,038,922 associated with its share of Arlington's operating costs and \$564,232 to fund its share of current facility expansion costs. The Sewer System estimates its share of future construction costs to be \$1,500,000 in fiscal year 2003.

5. Fairfax County Solid Waste Authority (SWA) - Resource Recovery

During fiscal year 1999, as a result of a call option, the EDA issued \$195,505,000 of 1998 Series A Resource Recovery Revenue Refunding Bonds, the proceeds of which, together with certain other available funds, were used to refund all remaining outstanding 1988 Series Bonds, which were initially issued to finance the construction of a 3,000-ton-per-day mass burn facility at the County's landfill site near Interstate 95. The operation of the facility by an independent contractor commenced in 1990. Solid waste is burned to produce electricity which is sold to a local utility company.

The bonds are not an obligation of the County; however, the County is obligated to deliver a minimum annual tonnage of solid waste to the facility and to pay tipping fees for the disposal of such waste sufficient to cover the operating costs of the facility and the debt service on the bonds. As of June 30, 2002, \$162,985,000 of the 1998 Series A Refunding Bonds are outstanding. Unspent bond proceeds in the amount of \$32,827,798, which include investment earnings, are reported in the Resource Recovery Fund, an agency

fund; certain unspent proceeds are reserved for debt service and the remainder is available for solid waste disposal purposes.

6. Long-term Contracts

At June 30, 2002, the primary government had contractual commitments of \$38,979,025, in the capital projects funds and \$161,312,339 in the Sewer System for construction of various sewer projects. At June 30, 2002, the component units had contractual commitments of \$111,878,672 and \$2,855,941 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

7. Post-employment Benefits

The Board of Supervisors has established a program to subsidize the health benefit coverage of certain retirees and certain surviving spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. There is no minimum number of years of service required to participate in this program. The program allows for a \$100 per month subsidy per participant and is funded on a pay-as-you-go basis. There are 1,691 participants currently eligible and receiving benefits in the program. For fiscal year 2002, the cost of this program to the County was \$2,039,217.

K. CONTINGENT LIABILITIES

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of County management, the resolution of these matters will not have a material adverse effect on the County's financial condition.

The County receives grant funds, principally from the federal government, for construction and various other programs. Certain expenditures of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

L. ACCOUNTING CHANGES AND RESTATEMENTS

1. Changes in Financial Statement Presentation and Reporting– Basic Financial Statements

During fiscal year 2002, the reporting entity adopted the provisions of Governmental Accounting Standards Board (GASB) Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. Under this Interpretation, only that portion of certain long-term liabilities, including compensated absences, that has matured at year end should be reported in the governmental fund financial statements. The reporting entity previously reported the entire amount of the compensated absences liability that was liquidated within 45 days after year end in the governmental fund financial statements.

The reporting entity also adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This Statement requires reporting in accordance with the new governmental financial reporting model, which includes the basic financial statements that supercede the previous general purpose financial statements. The basic financial statements consist of (1) the fund financial statements, which are similar to the previous versions in that they are prepared using the same measurement focuses and basis of accounting, however, they differ in that the emphasis is now on major funds rather than fund types, and (2) the new government-wide financial statements, which are comprised of a statement of net assets and a statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting, and which present both governmental and business-type activities in the aggregate.

For the primary government’s business-type activities, it was determined that it is appropriate to report the Sewer System’s share of UOSA long-term debt, previously disclosed in the notes to the financial statements, together with the related cost of the Sewer System’s allocated share of UOSA’s capacity expansions in the financial statements. Accordingly, certain assets and liabilities and the net assets of the Sewer System as of June 30, 2001, have been restated as follows:

	Balance June 30, 2001, as reported	Adjustments	Balance June 30, 2001, as restated
Assets:			
Purchased capacity	\$ 203,923,808	290,396,234	494,320,042
Accumulated amortization	(20,214,615)	(13,846,333)	(34,060,948)
Purchased capacity, net	183,709,193	276,549,901	460,259,094
Long-term Liabilities:			
Revenue bonds payable	205,810,000	236,773,054	442,583,054
Net Assets	\$ 847,436,247	39,776,847	887,213,094

It was also determined that certain funds are more appropriately reported in the County’s General Fund. These funds include the Gift Fund, which was previously reported as an agency fund to record certain donations to the County, and the Consolidated Community Funding Pool Fund and Contributory Fund, which were previously reported as special revenue funds.

Accordingly, the fund balances of the County’s General Fund and special revenue funds have been restated as follows:

	Primary Government	
	General Fund	Special Revenue Funds
Fund Balances, July 1, 2001, as reported	\$ 105,636,152	195,110,641
Net assets of the Gift Fund, July 1, 2001, as reported	1,850,674	-
Fund Balances, July 1, 2001, as reported for:		
Consolidated Community Funding Pool Fund	318,192	(318,192)
Contributory Fund	270,446	(270,446)
Adjustment for compensated absences	5,606,573	946,014
Fund Balances, July 1, 2001, as restated	\$ 113,682,037	195,468,017

Notes to the Financial Statements

These amounts are reconciled below to the amount shown as the net assets of the primary government's governmental activities as of July 1, 2001, in the Statement of Activities for the fiscal year 2002 (Exhibit A-1):

Fund balances, July 1, 2001 - Total governmental funds:

General Fund, as restated	\$ 113,682,037	
Special Revenue Funds, as restated	195,468,017	
Debt Service Funds, as reported	4,078,555	
Capital Projects Funds, as reported	<u>104,193,290</u>	\$ 417,421,899

The following adjustments are required to determine net assets:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable assets:		
Land	\$ 317,766,380	
Construction-in-progress	27,768,043	
Depreciable assets:		
Equipment	147,972,698	
Library collections	27,841,600	
Buildings and improvements	713,112,565	
Infrastructure	<u>365,147,656</u>	
Total capital assets, as restated per Note F	1,599,608,942	
Less accumulated depreciation	<u>(317,636,370)</u>	1,281,972,572

Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 20,199,730	
Business license	3,530,418	
Sales and use taxes and other taxes	<u>11,537,800</u>	35,267,948

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:

Assets:		
Current assets	\$ 74,268,861	
Capital assets	61,471,693	
Less accumulated depreciation	<u>(34,667,969)</u>	
Liabilities	<u>(29,324,862)</u>	71,747,723

Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds	\$ (1,441,689,927)	
Lease revenue bonds	(110,485,000)	
Special assessment bonds	(600,000)	
Capital leases and installment purchase agreements	(22,913,561)	
Accrued interest on long-term debt	(7,385,280)	
Landfill closure and postclosure costs	(52,110,880)	
Compensated absences	(63,994,148)	
Other	<u>(8,637,820)</u>	(1,707,816,616)

Net assets of governmental activities, July 1, 2001, as reported on Exhibit A-1 \$ 98,593,526

During fiscal year 2002, the reporting entity also adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*. This Statement amends GASB Statement No. 34 to 1) clarify certain provisions and 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the reporting entity considered the effects of this Statement when adopting the provisions of GASB Statement No. 34.

During fiscal year 2002, the reporting entity also adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This Statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, note disclosures have been revised to conform to the provisions of this Statement.

COUNTY OF FAIRFAX, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2002

PENSION TREND DATA

Six-year historical trend information of the retirement systems administered by the reporting entity is presented in the following table as required supplementary information. This information is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
Primary Government						
Employees' Retirement System						
7/1/1996	\$ 1,116,662,361	\$ 1,142,455,206	\$ 25,792,845	97.74 %	\$ 363,290,025	7.10 %
7/1/1997	1,231,382,638	1,241,813,772	10,431,134	99.16	365,583,822	2.85
7/1/1998	1,324,132,857	1,334,468,657	10,335,800	99.23	381,220,936	2.71
7/1/1999	1,523,310,967	1,467,043,776	(56,267,191)	103.84	399,732,318	(14.08)
7/1/2000	1,694,416,094	1,690,537,763	(3,878,331)	100.23	449,231,705	(0.86)
7/1/2001	1,807,813,497	1,857,801,915	49,988,418	97.31	476,327,250	10.49
Police Officers Retirement System						
7/1/1996	343,288,369	388,917,113	45,628,744	88.27	49,065,647	93.00
7/1/1997	399,772,825	414,534,604	14,761,779	96.44	50,307,487	29.34
7/1/1998	434,259,212	442,727,265	8,468,053	98.09	51,955,916	16.30
7/1/1999	503,649,251	487,951,047	(15,698,204)	103.22	55,081,103	(28.50)
7/1/2000	568,941,559	586,938,958	17,997,399	96.93	64,946,049	27.71
7/1/2001	611,514,245	617,510,212	5,995,967	99.03	66,755,263	8.98
Uniformed Retirement System						
7/1/1996	374,013,792	396,666,197	22,652,405	94.29	69,133,414	32.77
7/1/1997	432,367,343	446,505,759	14,138,416	96.83	71,957,919	19.65
7/1/1998	487,989,565	491,142,845	3,153,280	99.36	74,685,099	4.22
7/1/1999	560,044,161	531,788,754	(28,255,407)	105.31	78,622,337	(35.94)
7/1/2000	624,297,885	614,242,665	(10,055,220)	101.64	87,943,499	(11.43)
7/1/2001	666,599,019	651,840,288	(14,758,731)	102.26	93,577,081	(15.77)
Component Unit - Public Schools						
Educational Employees' Supplementary Retirement System						
7/1/1996	934,571,552	1,130,544,241	195,972,689	82.67	531,060,397	36.90
7/1/1997	1,045,411,714	1,215,366,514	169,954,800	86.02	553,709,472	30.69
7/1/1998	1,194,555,606	1,278,371,622	83,816,016	93.44	582,754,912	14.38
7/1/1999	1,365,416,798	1,345,658,583	(19,758,215)	101.47	626,015,364	(3.16)
7/1/2000	1,505,230,945	1,367,371,100	(137,859,845)	110.08	678,937,233	(20.31)
7/1/2001	1,599,218,680	1,552,558,103	(46,660,577)	103.01	759,905,510	(6.14)

Required Supplementary Information

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of each system's funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage is, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS								
Fiscal Year Ended June 30	Primary Government						Component Unit - Public Schools - Educational Employees' Supplementary Retirement	
	Employees' Retirement		Police Officers Retirement		Uniformed Retirement			
	Annual Required Contribution *	Percentage Contributed	Annual Required Contribution *	Percentage Contributed	Annual Required Contribution *	Percentage Contributed	Annual Required Contribution *	Percentage Contributed
1997	\$ 29,941,315	100 %	\$ 11,892,690	100 %	\$ 16,111,378	100 %	\$ 35,159,514	100 %
1998	30,955,140	100	11,321,194	100	16,565,155	100	36,932,114	100
1999	24,143,832	100	10,685,734	100	15,645,845	100	38,422,667	100
2000	27,133,595	100	11,950,073	100	16,489,406	100	35,655,898	100
2001	29,960,984	100	17,149,427	100	18,818,351	100	29,145,883	100
2002	31,083,805	100	15,077,920	100	18,778,608	100	30,849,067	100

* The annual required contribution is equal to the annual pension cost for each fiscal year.

The **General Fund** is used to account for all revenues and expenditures of the County, which are not required to be accounted for in other funds.

Revenues are derived primarily from real estate and personal property taxes, local sales taxes, utility taxes, business, professional and occupational license taxes, the use of money and property, license and permit fees, and state shared taxes.

Expenditures and transfers out include the costs of the general County government and transfers to component units and other funds, principally made to fund the operations of the Public Schools and County and Public School debt service requirements.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes:				
Real property	\$ 1,226,142,926	1,229,727,617	1,233,203,874	3,476,257
Personal property	248,359,099	270,118,786	282,889,998	12,771,212
Business licenses	87,654,888	86,848,068	92,084,691	5,236,623
Local sales and use	145,388,327	126,063,405	126,345,781	282,376
Consumers utility	87,663,680	87,663,680	86,368,876	(1,294,804)
Motor vehicle decals	18,356,303	18,642,723	18,694,344	51,621
Recordation	13,424,948	18,786,305	19,843,886	1,057,581
Occupancy, tobacco and other	19,716,017	15,854,834	16,925,054	1,070,220
Total taxes	1,846,706,188	1,853,705,418	1,876,356,504	22,651,086
Permits, privilege fees and regulatory licenses	33,892,369	28,990,840	28,609,183	(381,657)
Intergovernmental	330,013,546	325,907,543	315,653,061	(10,254,482)
Charges for services	33,000,331	34,109,394	35,241,909	1,132,515
Fines and forfeitures	11,595,781	10,024,451	10,318,703	294,252
Revenue from the use of money and property	45,849,562	29,013,426	28,894,001	(119,425)
Recovered costs	5,427,243	5,270,662	5,450,839	180,177
Other	351,147	311,647	448,980	137,333
Total revenues	2,306,836,167	2,287,333,381	2,300,973,180	13,639,799
EXPENDITURES				
General government administration:				
Board of Supervisors	4,078,580	4,038,447	3,678,682	359,765
Financial & Program Auditor	179,210	180,835	167,242	13,593
County Executive	6,427,002	6,640,202	6,074,683	565,519
Tax Administration	19,558,598	19,290,149	18,969,254	320,895
Finance	6,466,849	6,441,527	6,372,120	69,407
Telecommunications and Consumer Services	1,695,645	1,695,689	1,651,292	44,397
Human Resources	6,272,104	6,337,426	5,747,103	590,323
Purchasing and Supply Management	3,772,351	3,633,878	3,597,518	36,360
Public Affairs	851,275	876,350	794,299	82,051
Electoral Board and General Registrar	3,042,465	4,005,693	2,094,180	1,911,513
County Attorney	5,482,940	5,541,106	5,055,844	485,262
Information Technology	20,746,042	20,681,855	19,803,801	878,054
Management and Budget	3,030,498	2,972,876	2,584,641	388,235
Civil Service Commission	187,170	186,141	170,752	15,389
Total general government administration	81,790,729	82,522,174	76,761,411	5,760,763
Judicial administration:				
Circuit Court and Records	8,816,442	9,005,005	8,470,475	534,530
Commonwealth Attorney	2,015,273	1,822,235	1,584,458	237,777
General District Court	1,618,606	1,653,953	1,557,380	96,573
Sheriff	12,202,881	13,382,606	14,084,745	(702,139)
Total judicial administration	24,653,202	25,863,799	25,697,058	166,741
Public safety:				
Telecommunications and Consumer Services	981,693	938,548	938,426	122
Land Development	9,677,786	9,444,527	9,378,195	66,332
Juvenile and Domestic Relations Court	17,089,796	17,135,948	16,853,945	282,003
Police Department	115,410,566	116,530,006	111,839,835	4,690,171
Sheriff	29,862,680	29,997,109	30,520,590	(523,481)
Fire and Rescue	103,219,165	107,429,791	106,302,665	1,127,126
Animal Shelter	1,041,469	1,082,764	1,043,641	39,123
Total public safety	\$ 277,283,155	282,558,693	276,877,297	5,681,396

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit B
continued

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Public works:				
Facilities Management	\$ 31,269,192	35,359,437	32,795,930	2,563,507
Business Planning and Support	2,707,187	2,659,572	2,514,292	145,280
Capital Facilities	8,338,763	8,209,875	8,208,103	1,772
Stormwater Management	8,065,911	8,169,391	7,423,693	745,698
Unclassified Administrative Expenses	220,474	220,474	220,473	1
Total public works	50,601,527	54,618,749	51,162,491	3,456,258
Health and welfare:				
Family Services	162,832,483	157,637,170	156,438,246	1,198,924
Health Department	36,738,300	37,546,855	36,952,738	594,117
Office for Women	481,055	480,252	480,238	14
Human Services Administration	12,023,896	11,624,356	11,441,750	182,606
Human Services Systems Management	5,182,945	5,280,028	4,910,177	369,851
Total health and welfare	217,258,679	212,568,661	210,223,149	2,345,512
Community development:				
Economic Development Authority	6,837,644	6,895,762	6,895,759	3
Land Development	9,184,998	9,136,672	8,640,252	496,420
Planning and Zoning	8,752,959	8,396,889	8,200,035	196,854
Planning Commission	630,792	627,792	624,850	2,942
Housing and Community Development	5,662,290	5,905,467	5,566,963	338,504
Office of Human Rights	1,241,194	1,179,134	1,173,850	5,284
Transportation	6,074,519	5,351,840	4,185,587	1,166,253
Total community development	38,384,396	37,493,556	35,287,296	2,206,260
Parks, recreation and cultural:				
Community and Recreation Services	12,234,602	11,828,226	11,410,428	417,798
Park Authority	24,146,994	23,921,570	23,880,366	41,204
Public Library	27,341,066	26,145,211	26,036,530	108,681
Total parks, recreation and cultural	63,722,662	61,895,007	61,327,324	567,683
Nondepartmental:				
Unclassified Administrative Expenses	4,283,582	8,622,525	3,250,822	5,371,703
Employee Benefits	115,067,816	117,158,398	114,364,233	2,794,165
Total nondepartmental	119,351,398	125,780,923	117,615,055	8,165,868
Total expenditures	873,045,748	883,301,562	854,951,081	28,350,481
Excess of revenues over expenditures	\$ 1,433,790,419	1,404,031,819	1,446,022,099	41,990,280

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit B
continued

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other primary government funds:				
Special Revenue Fund:				
Cable Communications	\$ 1,614,594	1,614,594	1,614,594	-
Department of Vehicle Services	1,300,000	3,000,000	3,000,000	-
Total transfers in from other primary government funds	2,914,594	4,614,594	4,614,594	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
Fairfax-Falls Church Community Services Board	(74,368,148)	(74,594,347)	(74,594,347)	-
County Transit Systems	(16,063,083)	(16,063,083)	(16,063,083)	-
Aging Grants and Programs	(1,592,226)	(1,636,511)	(1,636,511)	-
Information Technology	(13,395,000)	(12,788,178)	(12,788,178)	-
Refuse Disposal	(5,500,000)	(5,500,000)	(5,500,000)	-
Consolidated Community Funding Pool	(5,923,150)	(5,923,150)	(5,923,150)	-
Contributory Fund	(6,682,638)	(6,697,638)	(6,697,638)	-
E-911	(3,796,353)	(5,291,176)	(5,291,176)	-
Housing Trust Fund	-	(300,000)	(300,000)	-
Debt Service Funds:				
County Debt Service	(98,009,886)	(98,009,886)	(98,009,886)	-
School Debt Service	(105,528,408)	(105,528,408)	(105,528,408)	-
Capital Projects Funds:				
County Construction	(5,192,957)	(4,256,813)	(4,256,813)	-
Primary and Secondary Road Bond Construction	(150,000)	(350,000)	(350,000)	-
Public Works Construction	(580,776)	(850,277)	(850,277)	-
Metro Operations and Construction	(11,450,844)	(11,450,844)	(11,450,844)	-
Trail Construction	(200,000)	(200,000)	(200,000)	-
Housing Assistance Program	(1,850,000)	(1,850,000)	(1,850,000)	-
Internal Service Funds:				
Retiree Health Benefits	(1,917,915)	(1,917,915)	(1,917,915)	-
Document Services Division	(2,900,000)	(2,755,000)	(2,755,000)	-
Total transfers out to other primary government funds	(355,101,384)	(355,963,226)	(355,963,226)	-
To component units:				
Public Schools:				
General Fund	(1,078,090,014)	(1,079,911,756)	(1,079,911,756)	-
FCRHA:				
Elderly Housing Program	(1,253,327)	(1,190,661)	(1,190,661)	-
Total transfers out to component units	(1,079,343,341)	(1,081,102,417)	(1,081,102,417)	-
Total transfers out	(1,434,444,725)	(1,437,065,643)	(1,437,065,643)	-
Total other financing sources (uses)	(1,431,530,131)	(1,432,451,049)	(1,432,451,049)	-
Net change in fund balances	\$ 2,260,288	(28,419,230)	13,571,050	41,990,280

The **Nonmajor Governmental Funds** include all special revenue funds, debt service funds, and capital projects funds.

COUNTY OF FAIRFAX, VIRGINIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

Exhibit C

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 197,176,711	10,832,063	145,440,575	353,449,349
Receivables (net of allowances):				
Accounts	11,231,100	-	5,568,558	16,799,658
Accrued interest	314,027	-	17,320	331,347
Property taxes not yet due	7,538,000	-	-	7,538,000
Notes	5,667,848	-	-	5,667,848
Due from intergovernmental units	13,002,637	-	2,071,711	15,074,348
Due from component units	1,591,703	-	-	1,591,703
Prepaid items and other assets	20,938	-	-	20,938
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	31,307,771	31,307,771
Cash with fiscal agents	-	348,744	-	348,744
Total assets	\$ 236,542,964	11,180,807	184,405,935	432,129,706
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 18,774,142	314,695	7,092,085	26,180,922
Contracts payable	-	-	1,646,653	1,646,653
Contract retainages	158,322	-	2,665,177	2,823,499
Due to component units	-	-	248,176	248,176
Interfund payables	2,863,029	-	745,184	3,608,213
Matured bond principal and interest payable	-	240,455	-	240,455
Deferred revenue:				
Property taxes not yet due	7,538,000	-	-	7,538,000
Other	5,687,785	403,040	27,692,987	33,783,812
Performance and other deposits	-	-	5,977,585	5,977,585
Total liabilities	35,021,278	958,190	46,067,847	82,047,315
Fund balances:				
Reserved for:				
Encumbrances	20,195,543	-	38,979,025	59,174,568
Long-term receivables	7,259,551	-	-	7,259,551
Prepaid items	20,938	-	-	20,938
Certain capital projects	-	-	31,307,771	31,307,771
Unreserved	174,045,654	10,222,617	68,051,292	252,319,563
Total fund balances	201,521,686	10,222,617	138,338,088	350,082,391
Total liabilities and fund balances	\$ 236,542,964	11,180,807	184,405,935	432,129,706

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2002

Exhibit C-1

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 21,836,080	-	-	21,836,080
Permits, privilege fees and regulatory licenses	8,330,001	-	-	8,330,001
Intergovernmental	78,220,739	32,740	57,772,867	136,026,346
Charges for services	97,993,651	-	-	97,993,651
Developers' contributions	3,140,564	-	3,047,062	6,187,626
Revenue from the use of money and property	5,039,928	-	864,098	5,904,026
Recovered costs	1,531,478	-	2,027,166	3,558,644
Local matching grants	5,690,108	-	-	5,690,108
Gifts, donations and contributions	246,997	-	-	246,997
Other	2,173,504	-	4,175,432	6,348,936
Total revenues	224,203,050	32,740	67,886,625	292,122,415
EXPENDITURES				
Current:				
General government administration	9,354,492	-	42,064	9,396,556
Judicial administration	593,915	-	210	594,125
Public safety	36,186,519	-	2,194,230	38,380,749
Public works	91,861,945	-	3,378,137	95,240,082
Health and welfare	132,019,122	-	936,860	132,955,982
Community development	37,556,514	-	44,334,388	81,890,902
Parks, recreation and cultural	8,498,336	-	17,047,981	25,546,317
Education - payments to Public Schools	1,640,935	-	130,000,000	131,640,935
Capital outlay:				
General government administration	2,642,673	-	6,015,671	8,658,344
Judicial administration	-	-	639,228	639,228
Public safety	1,328,610	-	31,857,835	33,186,445
Public works	2,336,142	-	948,800	3,284,942
Health and welfare	232,377	-	30,514,763	30,747,140
Community development	4,008,640	-	4,102,518	8,111,158
Parks, recreation and cultural	158,784	-	6,251,652	6,410,436
Debt service:				
Principal retirement	4,709,455	124,453,925	-	129,163,380
Interest and other charges	899,209	76,487,936	-	77,387,145
Total expenditures	334,027,668	200,941,861	278,264,337	813,233,866
Deficiency of revenues under expenditures	(109,824,618)	(200,909,121)	(210,377,712)	(521,111,451)
OTHER FINANCING SOURCES (USES)				
Transfers in	117,608,719	206,999,645	19,301,534	343,909,898
Transfers out	(1,730,432)	-	(5,124,537)	(6,854,969)
Proceeds from sale of County general obligation bonds	-	-	201,345,513	201,345,513
Capital leases and installment purchases	-	-	29,000,000	29,000,000
Proceeds from sale of refunding bonds	-	62,614,916	-	62,614,916
Payments to refunded bond escrow agent	-	(62,561,378)	-	(62,561,378)
Total other financing sources (uses)	115,878,287	207,053,183	244,522,510	567,453,980
Net change in fund balances	6,053,669	6,144,062	34,144,798	46,342,529
Fund balances, July 1, 2001, as restated	195,468,017	4,078,555	104,193,290	303,739,862
Fund balances, June 30, 2002	\$ 201,521,686	10,222,617	138,338,088	350,082,391



The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

County Transit Systems Fund is used to account for the operation of a bus service, known as the Fairfax Connector, to transport citizens in certain parts of the County to and from WMATA's rail stations and for the County's contributions to the Virginia Railway Express commuter rail service.

Federal/State Grant Fund is used to account for the utilization of federal and state funds to assist County citizens.

Aging Grants and Programs Fund is used to account for programs for senior citizens that specifically relate to the State Plan of Aging Services and that are administered by the Fairfax Area Agency on Aging. Included are programs for the provision of meals, transportation and medical care.

Information Technology Fund is used to account for the acquisition of computer hardware and software for information technology projects which are designed to improve the County's management information system, its operational efficiency, and customer service.

Cable Communications Fund is used to account for costs associated with monitoring the County's Cable Communications Ordinance and Franchise Agreement as well as providing programming for the County's Governmental Access Channel. Its primary source of revenue is franchise fees.

Fairfax-Falls Church Community Services Board Fund is used to account for mental health, mental retardation, alcoholism, and drug abuse services to families and individuals in Fairfax County, the City of Fairfax, and the City of Falls Church.

Reston Community Center Fund is used to account for the operation of a community center serving the residents of Small District Five, which is located within the Dranesville and Hunter Mill Magisterial Districts, and which is supported by the payment of a special assessment by these residents.

McLean Community Center Fund is used to account for the operation of a community center serving the residents of Small District One, which is located within the Dranesville Magisterial District and which is supported by payment of a special assessment by these residents.

Burgundy Village Community Center Fund is used to account for the operation of a community center serving the residents of Service District 1A, which is located within the Lee Magisterial District and which is supported by payment of a special assessment by these residents.

Forest Integrated Pest Management Program Fund is used to account for detection, abatement, and public information programs to suppress gypsy moth and cankerworm insect populations in the County.

Consolidated Community Funding Pool Fund is reported as a special revenue fund for budget purposes only. For GAAP reporting, the activity and fund balance for this fund are accounted for in the General Fund. This fund accounts for money awarded to community-based nonprofit organizations on a competitive basis to provide certain services to County citizens.

Contributory Fund is reported as a special revenue fund for budget purposes only. For GAAP reporting, the activity and fund balance for this fund are accounted for in the General Fund. This fund accounts for money awarded to certain contributory organizations to provide human services to County citizens.

E-911 Fund is used to account for the operation of a 911 emergency response service for the citizens of the County, including related information technology projects.

Leaf Collection Fund is used to account for the collection and disposal of leaves from residences and businesses located within designated districts. This fund is supported by the payment of a special assessment by these residents and businesses.

Refuse Collection and Recycling Operations Fund is used to account for the collection of refuse in designated districts and from all County departments and the operation of the County's solid waste reduction and recycling centers.

Refuse Disposal Fund is used to account for the operations of two transfer stations to receive refuse collected throughout the County and channel it to either an incinerator or a landfill.

Energy Resource Recovery Facility Fund is used to account for the operation of an incinerator, by a private contractor, used to burn refuse collected throughout the County and received from certain other local jurisdictions. The sale of electricity generated by the facility is a source of revenue for this fund.

I-95 Refuse Disposal Fund is used to account for the operation of a landfill which is currently filled to solid waste capacity and now only used for disposal of ash generated by certain local incinerators.

Alcohol Safety Action Program Fund is used to account for programs to reduce the incidence of driving under the influence (DUI) of alcohol through rehabilitative alcohol/drug education, case management of DUI defendants, referral to alcohol/drug treatment programs and public information. This fund is solely fee supported and is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund.

Community Development Block Grant Fund is used to account for programs to upgrade low and moderate income neighborhoods through the provision of public facilities, home improvements, and public services.

Housing Trust Fund is used to account for the promotion of housing for low and moderate income individuals in the County by providing low cost debt and equity capital in the forms of loans, grants, and equity contributions.

Home Investment Partnership Grant Fund is used to account for affordable housing programs involving acquisition, rehabilitation, new construction, and tenant-based rental assistance.

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	County Transit System	Federal/ State Grant	Aging Grants and Programs	Information Technology	Cable Communications
ASSETS					
Equity in pooled cash and temporary investments	\$ 7,707,193	11,771	983,929	26,967,688	16,679,170
Receivables (net of allowances):					
Accounts	-	217,736	-	1,611	2,503,012
Accrued interest	-	-	-	13,905	-
Property taxes not yet due	-	-	-	-	-
Notes	-	-	-	-	-
Due from intergovernmental units	1,720,124	9,061,766	-	-	-
Due from component units	-	-	-	-	-
Prepaid items and other assets	-	11,656	80	4,667	4,535
Total assets	\$ 9,427,317	9,302,929	984,009	26,987,871	19,186,717
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,383,599	1,064,270	231,968	2,962,932	202,972
Contract retainages	-	-	-	-	-
Interfund payables	-	2,225,889	11,033	-	19,350
Deferred revenue:					
Property taxes not yet due	-	-	-	-	-
Other	-	4,636,032	3,296	-	-
Total liabilities	4,383,599	7,926,191	246,297	2,962,932	222,322
Fund balances:					
Reserved for:					
Encumbrances	3,064,150	3,263,114	283,876	6,392,891	455,595
Long-term receivables	-	-	-	-	-
Prepaid items	-	11,656	80	4,667	4,535
Unreserved	1,979,568	(1,898,032)	453,756	17,627,381	18,504,265
Total fund balances	5,043,718	1,376,738	737,712	24,024,939	18,964,395
Total liabilities and fund balances	\$ 9,427,317	9,302,929	984,009	26,987,871	19,186,717

Fairfax- Falls Church Community Service Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	Forest Integrated Pest Management Program	E-911
8,060,111	3,105,369	2,474,409	133,944	1,297,095	4,956,065
627,849	-	-	-	-	3,150,000
-	1,684	1,327	68	708	2,853
-	4,367,800	2,205,200	10,800	954,200	-
-	-	-	-	-	-
728,579	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,416,539	7,474,853	4,680,936	144,812	2,252,003	8,108,918
2,719,252	293,451	78,628	514	10,011	2,094,244
-	-	-	-	-	-
385,716	15,796	9,558	35	1,804	60,587
-	4,367,800	2,205,200	10,800	954,200	-
821,980	-	72,322	-	-	-
3,926,948	4,677,047	2,365,708	11,349	966,015	2,154,831
107,754	54,785	225,660	-	1,100	739,249
-	-	-	-	-	-
-	-	-	-	-	-
5,381,837	2,743,021	2,089,568	133,463	1,284,888	5,214,838
5,489,591	2,797,806	2,315,228	133,463	1,285,988	5,954,087
9,416,539	7,474,853	4,680,936	144,812	2,252,003	8,108,918

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal
ASSETS					
Equity in pooled cash and temporary investments	\$ 2,114,453	13,094,936	7,679,965	11,436,498	77,216,402
Receivables (net of allowances):					
Accounts	-	42,459	2,845,656	842,636	1,000,141
Accrued interest	1,114	6,666	4,821	5,610	39,532
Property taxes not yet due	-	-	-	-	-
Notes	-	-	-	-	-
Due from intergovernmental units	-	39,544	967,940	12,558	-
Due from component units	-	-	-	-	-
Prepaid items and other assets	-	-	-	-	-
Total assets	\$ 2,115,567	13,183,605	11,498,382	12,297,302	78,256,075
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 935	347,055	930,483	2,100,544	1,066,643
Contract retainages	-	-	-	-	-
Interfund payables	-	48,695	52,226	3,441	13,947
Deferred revenue:					
Property taxes not yet due	-	-	-	-	-
Other	-	154,155	-	-	-
Total liabilities	935	549,905	982,709	2,103,985	1,080,590
Fund balances:					
Reserved for:					
Encumbrances	38,511	52,177	738,978	676,480	1,394,743
Long-term receivables	-	-	-	-	-
Prepaid items	-	-	-	-	-
Unreserved	2,076,121	12,581,523	9,776,695	9,516,837	75,780,742
Total fund balances	2,114,632	12,633,700	10,515,673	10,193,317	77,175,485
Total liabilities and fund balances	\$ 2,115,567	13,183,605	11,498,382	12,297,302	78,256,075

Exhibit D
continued

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds
76,552	439,012	12,725,250	16,899	197,176,711
-	-	-	-	11,231,100
17	164	235,558	-	314,027
-	-	-	-	7,538,000
-	4,451,100	1,067,321	149,427	5,667,848
-	386,905	63,473	21,748	13,002,637
-	-	1,591,703	-	1,591,703
-	-	-	-	20,938
76,569	5,277,181	15,683,305	188,074	236,542,964
67,376	84,518	129,872	4,875	18,774,142
-	24,015	53,557	80,750	158,322
6,329	7,647	-	976	2,863,029
-	-	-	-	7,538,000
-	-	-	-	5,687,785
73,705	116,180	183,429	86,601	35,021,278
7,523	1,254,426	1,408,102	36,429	20,195,543
-	4,451,100	2,659,024	149,427	7,259,551
-	-	-	-	20,938
(4,659)	(544,525)	11,432,750	(84,383)	174,045,654
2,864	5,161,001	15,499,876	101,473	201,521,686
76,569	5,277,181	15,683,305	188,074	236,542,964

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended June 30, 2002

	County Transit System	Federal/ State Grant	Aging Grants and Programs	Information Technology	Cable Communications
REVENUES					
Taxes:					
Real property	\$ -	-	-	-	-
Sales and use	-	-	-	-	-
Permits, privilege fees and regulatory licenses	-	-	-	-	8,287,576
Intergovernmental	7,067,777	32,580,350	2,017,562	567,674	2,886,419
Charges for services	1,910,211	36,214	91,811	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	-	79,171	-	812,065	-
Recovered costs	-	-	74,127	-	-
Local matching grants	-	5,690,108	-	-	-
Gifts, donations and contributions	-	-	246,997	-	-
Other	-	351,614	52,069	-	2,998
Total revenues	8,977,988	38,737,457	2,482,566	1,379,739	11,176,993
EXPENDITURES					
Current:					
General government administration	-	209,486	-	9,145,006	-
Judicial administration	-	593,915	-	-	-
Public safety	-	12,400,713	-	-	-
Public works	-	218,144	-	-	-
Health and welfare	-	22,314,280	2,449,997	-	-
Community development	24,833,561	1,232,302	713,583	-	4,522,882
Parks, recreation and cultural	-	386,543	753,481	-	-
Education - payments to Public Schools	-	-	-	-	1,640,935
Capital outlay:					
General government administration	-	-	-	2,642,673	-
Public safety	-	956,803	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	2,436,897	-	-	-	39,727
Parks, recreation and cultural	-	-	-	-	-
Debt service:					
Principal retirement	1,132,367	-	-	3,563,588	-
Interest and other charges	215,537	-	-	631,700	-
Total expenditures	28,618,362	38,312,186	3,917,061	15,982,967	6,203,544
Excess (deficiency) of revenues over (under) expenditures	(19,640,374)	425,271	(1,434,495)	(14,603,228)	4,973,449
OTHER FINANCING SOURCES (USES)					
Transfers in	17,498,507	-	1,636,511	12,788,178	-
Transfers out	-	-	-	-	(1,614,594)
Total other financing sources (uses)	17,498,507	-	1,636,511	12,788,178	(1,614,594)
Net change in fund balances	(2,141,867)	425,271	202,016	(1,815,050)	3,358,855
Fund balances, July 1, 2001, as restated	7,185,585	951,467	535,696	25,839,989	15,605,540
Fund balances, June 30, 2002	\$ 5,043,718	1,376,738	737,712	24,024,939	18,964,395

Fairfax- Falls Church Community Service Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	Forest Integrated Pest Management Program	E-911
-	4,501,204	2,165,444	10,073	1,025,137	-
-	-	-	-	-	14,134,222
-	-	-	-	-	-
23,948,910	-	3,000	-	15,000	2,323,571
9,307,734	700,963	554,341	-	-	-
-	-	-	-	-	-
-	123,412	145,395	21,460	26,392	199,920
1,316,765	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
234,118	-	2,246	-	-	356,627
34,807,527	5,325,579	2,870,426	31,533	1,066,529	17,014,340
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	23,785,806
-	-	-	-	540,272	-
105,856,452	-	-	-	-	-
-	-	-	-	-	-
-	4,928,922	2,405,298	24,092	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	371,807
-	-	-	-	39,899	-
232,377	-	-	-	-	-
-	-	-	-	-	-
-	23,157	135,627	-	-	-
-	13,500	-	-	-	-
-	51,972	-	-	-	-
106,088,829	5,017,551	2,540,925	24,092	580,171	24,157,613
(71,281,302)	308,028	329,501	7,441	486,358	(7,143,273)
74,594,347	-	-	-	-	5,291,176
-	-	(115,838)	-	-	-
74,594,347	-	(115,838)	-	-	5,291,176
3,313,045	308,028	213,663	7,441	486,358	(1,852,097)
2,176,546	2,489,778	2,101,565	126,022	799,630	7,806,184
5,489,591	2,797,806	2,315,228	133,463	1,285,988	5,954,087

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended June 30, 2002

	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal
REVENUES					
Taxes:					
Real property	\$ -	-	-	-	-
Sales and use	-	-	-	-	-
Permits, privilege fees and regulatory licenses	-	-	34,880	-	7,545
Intergovernmental	-	95,300	-	-	-
Charges for services	694,682	10,720,244	37,165,109	30,993,887	4,466,944
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	112,950	442,564	355,181	218,245	2,005,805
Recovered costs	-	15,138	123,028	-	2,420
Local matching grants	-	-	-	-	-
Gifts, donations and contributions	-	-	-	-	-
Other	-	540,595	543,758	-	89,479
Total revenues	807,632	11,813,841	38,221,956	31,212,132	6,572,193
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	1,230,990	12,728,870	38,302,195	34,029,160	4,812,314
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-
Education - payments to Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	1,074,330	596,649	22,651	602,613
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	1,230,990	13,803,200	38,898,844	34,051,811	5,414,927
Excess (deficiency) of revenues over (under) expenditures	(423,358)	(1,989,359)	(676,888)	(2,839,679)	1,157,266
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	5,500,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	5,500,000	-	-
Net change in fund balances	(423,358)	(1,989,359)	4,823,112	(2,839,679)	1,157,266
Fund balances, July 1, 2001, as restated	2,537,990	14,623,059	5,692,561	13,032,996	76,018,219
Fund balances, June 30, 2002	\$ 2,114,632	12,633,700	10,515,673	10,193,317	77,175,485

Exhibit D-1
continued

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds
-	-	-	-	7,701,858
-	-	-	-	14,134,222
-	-	-	-	8,330,001
-	5,585,273	-	1,129,903	78,220,739
1,351,511	-	-	-	97,993,651
-	-	3,140,564	-	3,140,564
1,130	97,341	344,564	54,333	5,039,928
-	-	-	-	1,531,478
-	-	-	-	5,690,108
-	-	-	-	246,997
-	-	-	-	2,173,504
1,352,641	5,682,614	3,485,128	1,184,236	224,203,050
-	-	-	-	9,354,492
-	-	-	-	593,915
-	-	-	-	36,186,519
-	-	-	-	91,861,945
1,398,393	-	-	-	132,019,122
-	5,537,089	95,175	621,922	37,556,514
-	-	-	-	8,498,336
-	-	-	-	1,640,935
-	-	-	-	2,642,673
-	-	-	-	1,328,610
-	-	-	-	2,336,142
-	-	-	-	232,377
-	77,562	695,198	759,256	4,008,640
-	-	-	-	158,784
-	-	-	-	4,709,455
-	-	-	-	899,209
1,398,393	5,614,651	790,373	1,381,178	334,027,668
(45,752)	67,963	2,694,755	(196,942)	(109,824,618)
-	-	300,000	-	117,608,719
-	-	-	-	(1,730,432)
-	-	300,000	-	115,878,287
(45,752)	67,963	2,994,755	(196,942)	6,053,669
48,616	5,093,038	12,505,121	298,415	195,468,017
2,864	5,161,001	15,499,876	101,473	201,521,686

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2a

Special Revenue Fund

Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,860,160	7,390,007	7,067,777	(322,230)
Charges for services	46,200	141,638	141,638	-
Total revenues	5,906,360	7,531,645	7,209,415	(322,230)
EXPENDITURES				
Current:				
Community development	24,250,546	31,583,741	26,849,790	4,733,951
Total expenditures	24,250,546	31,583,741	26,849,790	4,733,951
Excess (deficiency) of revenues over (under) expenditures	(18,344,186)	(24,052,096)	(19,640,375)	4,411,721
OTHER FINANCING SOURCES				
Transfers in	17,498,507	17,498,507	17,498,507	-
Total other financing sources	17,498,507	17,498,507	17,498,507	-
Net change in fund balance	\$ (845,679)	(6,553,589)	(2,141,868)	4,411,721

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2b

Special Revenue Fund

Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 34,036,459	73,449,702	31,002,107	(42,447,595)
Charges for services	-	-	36,214	36,214
Revenue from the use of money and property	-	2,020	79,171	77,151
Recovered costs	-	1,250,289	1,578,243	327,954
Local matching grants	9,151,716	14,683,539	5,690,108	(8,993,431)
Other	-	472,818	351,614	(121,204)
Total revenues	43,188,175	89,858,368	38,737,457	(51,120,911)
EXPENDITURES				
Current:				
General government administration	-	12,477,455	209,486	12,267,969
Judicial administration	-	679,812	593,915	85,897
Public safety	10,442,419	25,007,615	13,357,516	11,650,099
Public works	-	1,500,983	218,144	1,282,839
Health and welfare	-	36,177,702	22,314,280	13,863,422
Community development	-	3,696,931	1,232,302	2,464,629
Parks, recreation and cultural	-	414,925	386,543	28,382
Nondepartmental	32,745,756	10,826,950	-	10,826,950
Total expenditures	43,188,175	90,782,373	38,312,186	52,470,187
Net change in fund balance	\$ -	(924,005)	425,271	1,349,276

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2c

Special Revenue Fund

Budgetary Comparison Schedule - Aging Grants and Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,804,889	2,442,102	2,017,562	(424,540)
Charges for services	84,475	83,577	91,811	8,234
Recovered costs	83,955	90,184	74,127	(16,057)
Gifts and donations	286,188	355,157	246,997	(108,160)
Other	5,121	5,121	52,069	46,948
Total revenues	2,264,628	2,976,141	2,482,566	(493,575)
EXPENDITURES				
Current:				
Health and welfare	2,422,104	3,197,296	2,449,997	747,299
Community development	713,518	955,040	753,481	201,559
Parks, recreation and cultural	721,232	996,013	713,583	282,430
Total expenditures	3,856,854	5,148,349	3,917,061	1,231,288
Excess (deficiency) of revenues over (under) expenditures	(1,592,226)	(2,172,208)	(1,434,495)	737,713
OTHER FINANCING SOURCES				
Transfers in	1,592,226	1,636,511	1,636,511	-
Total other financing sources	1,592,226	1,636,511	1,636,511	-
Net change in fund balance	\$ -	(535,697)	202,016	737,713

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2d

Special Revenue Fund**Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 440,000	567,674	567,674	-
Revenue from the use of money and property	1,000,000	1,000,000	861,663	(138,337)
Total revenues	1,440,000	1,567,674	1,429,337	(138,337)
EXPENDITURES				
Current:				
General government administration	14,835,000	40,098,951	15,982,967	24,115,984
Total expenditures	14,835,000	40,098,951	15,982,967	24,115,984
Excess (deficiency) of revenues over (under) expenditures	(13,395,000)	(38,531,277)	(14,553,630)	23,977,647
OTHER FINANCING SOURCES				
Transfers in	13,395,000	12,788,178	12,788,178	-
Total other financing sources	13,395,000	12,788,178	12,788,178	-
Net change in fund balance	\$ -	(25,743,099)	(1,765,452)	23,977,647

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2e

Special Revenue Fund**Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 11,058,862	11,058,862	11,173,995	115,133
Other	2,000	2,000	2,998	998
Total revenues	11,060,862	11,060,862	11,176,993	116,131
EXPENDITURES				
Current:				
Community development	4,806,953	19,146,883	4,562,609	14,584,274
Total expenditures	4,806,953	19,146,883	4,562,609	14,584,274
Excess (deficiency) of revenues over (under) expenditures	6,253,909	(8,086,021)	6,614,384	14,700,405
OTHER FINANCING USES				
Transfers out	(1,614,594)	(1,614,594)	(1,614,594)	-
Transfers out to component units	(1,640,935)	(1,640,935)	(1,640,935)	-
Total other financing uses	(3,255,529)	(3,255,529)	(3,255,529)	-
Net change in fund balance	\$ 2,998,380	(11,341,550)	3,358,855	14,700,405

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2f

Special Revenue Fund

Budgetary Comparison Schedule - Fairfax-Falls Church Community Services Board Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 21,309,994	25,665,737	23,948,910	(1,716,827)
Charges for services	11,462,204	8,442,696	9,307,734	865,038
Other	196,307	200,281	234,118	33,837
Total revenues	32,968,505	34,308,714	33,490,762	(817,952)
EXPENDITURES				
Current:				
Health and welfare	107,636,653	110,391,730	104,777,041	5,614,689
Total expenditures	107,636,653	110,391,730	104,777,041	5,614,689
Excess (deficiency) of revenues over (under) expenditures	(74,668,148)	(76,083,016)	(71,286,279)	4,796,737
OTHER FINANCING SOURCES				
Transfers in	74,368,148	74,594,347	74,594,347	-
Total other financing sources	74,368,148	74,594,347	74,594,347	-
Net change in fund balance	\$ (300,000)	(1,488,669)	3,308,068	4,796,737

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2g

Special Revenue Fund**Budgetary Comparison Schedule - Reston Community Center Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Real property taxes	\$ 4,097,585	4,499,585	4,501,204	1,619
Charges for services	638,315	638,315	700,963	62,648
Revenue from the use of money and property	226,000	226,000	128,932	(97,068)
Total revenues	4,961,900	5,363,900	5,331,099	(32,801)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	5,104,119	5,504,239	5,017,551	486,688
Total expenditures	5,104,119	5,504,239	5,017,551	486,688
Net change in fund balance	\$ (142,219)	(140,339)	313,548	453,887

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2h

Special Revenue Fund

Budgetary Comparison Schedule - McLean Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 2,029,343	2,157,611	2,165,444	7,833
Intergovernmental	-	3,000	3,000	-
Charges for services	562,972	500,959	554,341	53,382
Revenue from the use of money and property	194,838	175,282	149,685	(25,597)
Other	34,887	3,865	2,246	(1,619)
Total revenues	2,822,040	2,840,717	2,874,716	33,999
EXPENDITURES				
Current:				
Parks, recreation and cultural	2,728,129	3,026,681	2,540,925	485,756
Total expenditures	2,728,129	3,026,681	2,540,925	485,756
Excess (deficiency) of revenues over (under) expenditures	93,911	(185,964)	333,791	519,755
OTHER FINANCING USES				
Transfers out	(115,838)	(115,838)	(115,838)	-
Total other financing uses	(115,838)	(115,838)	(115,838)	-
Net change in fund balance	\$ (21,927)	(301,802)	217,953	519,755

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2i

Special Revenue Fund**Budgetary Comparison Schedule - Burgundy Village Community Center Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Real property taxes	\$ 10,066	10,066	10,073	7
Revenue from the use of money and property	18,348	17,292	21,701	4,409
Total revenues	28,414	27,358	31,774	4,416
EXPENDITURES				
Current:				
Parks, recreation and cultural	22,690	26,850	24,092	2,758
Total expenditures	22,690	26,850	24,092	2,758
Net change in fund balance	\$ 5,724	508	7,682	7,174

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2j

Special Revenue Fund**Budgetary Comparison Schedule - Forest Integrated Pest Management Program Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	<div>Budgeted Amounts</div>		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Real property taxes	\$ 839,412	1,024,124	1,025,137	1,013
Intergovernmental	-	15,000	15,000	-
Revenue from the use of money and property	47,139	47,139	27,166	(19,973)
Total revenues	886,551	1,086,263	1,067,303	(18,960)
EXPENDITURES				
Current:				
Public works	874,100	913,999	580,171	333,828
Total expenditures	874,100	913,999	580,171	333,828
Net change in fund balance	\$ 12,451	172,264	487,132	314,868

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2k

Special Revenue Fund

Budgetary Comparison Schedule - Consolidated Community Funding Pool Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES	\$ -	-	-	-
EXPENDITURES				
Current:				
Community development	5,923,150	6,241,342	5,882,169	359,173
Total expenditures	5,923,150	6,241,342	5,882,169	359,173
Excess (deficiency) of revenues over (under) expenditures	(5,923,150)	(6,241,342)	(5,882,169)	359,173
OTHER FINANCING SOURCES				
Transfers in	5,923,150	5,923,150	5,923,150	-
Total other financing sources	5,923,150	5,923,150	5,923,150	-
Net change in fund balance	\$ -	(318,192)	40,981	359,173

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-21

Special Revenue Fund

Budgetary Comparison Schedule - Contributory Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budget	Positive
			Basis)	(Negative)
REVENUES	\$	-	-	-
EXPENDITURES				
Current:				
General government administration	1,561,383	1,570,309	1,565,386	4,923
Public safety	207,990	207,990	207,990	-
Health and welfare	1,180,468	1,294,490	1,207,227	87,263
Community development	1,088,465	1,088,465	1,088,441	24
Parks, recreation and cultural	2,586,675	2,611,675	2,586,675	25,000
Nondepartmental	57,657	72,657	72,657	-
Total expenditures	6,682,638	6,845,586	6,728,376	117,210
Excess (deficiency) of revenues over (under) expenditures	(6,682,638)	(6,845,586)	(6,728,376)	117,210
OTHER FINANCING SOURCES				
Transfers in	6,682,638	6,697,638	6,697,638	-
Total other financing sources	6,682,638	6,697,638	6,697,638	-
Net change in fund balance	\$	-	(147,948)	117,210

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2m

Special Revenue Fund

Budgetary Comparison Schedule - E-911 Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Local sales and use taxes	\$ 16,030,656	15,000,000	14,134,222	(865,778)
Intergovernmental	1,979,879	2,319,277	2,323,571	4,294
Revenue from the use of money and property	538,605	348,078	216,702	(131,376)
Other	-	-	356,627	356,627
Total revenues	18,549,140	17,667,355	17,031,122	(636,233)
EXPENDITURES				
Current:				
Public safety	22,345,493	30,738,228	24,157,613	6,580,615
Total expenditures	22,345,493	30,738,228	24,157,613	6,580,615
Excess (deficiency) of revenues over (under) expenditures	(3,796,353)	(13,070,873)	(7,126,491)	5,944,382
OTHER FINANCING SOURCES				
Transfers in	3,796,353	5,291,176	5,291,176	-
Total other financing sources	3,796,353	5,291,176	5,291,176	-
Net change in fund balance	\$ -	(7,779,697)	(1,835,315)	5,944,382

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2n

Special Revenue Fund**Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 559,124	694,304	694,682	378
Revenue from the use of money and property	212,190	125,521	118,723	(6,798)
Total revenues	771,314	819,825	813,405	(6,420)
EXPENDITURES				
Current:				
Public works	1,099,456	1,277,693	1,230,990	46,703
Total expenditures	1,099,456	1,277,693	1,230,990	46,703
Net change in fund balance	\$ (328,142)	(457,868)	(417,585)	40,283

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2o

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Collection and Recycling Operations Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental		95,300	95,300	-
Charges for services	\$ 10,535,591	10,535,591	10,550,125	14,534
Revenue from the use of money and property	667,808	667,808	475,505	(192,303)
Recovered costs	-	-	15,138	15,138
Other	845,427	845,427	710,714	(134,713)
Total revenues	12,048,826	12,144,126	11,846,782	(297,344)
EXPENDITURES				
Current:				
Public works	13,931,140	14,587,430	13,803,200	784,230
Total expenditures	13,931,140	14,587,430	13,803,200	784,230
Net change in fund balance	\$ (1,882,314)	(2,443,304)	(1,956,418)	486,886

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2p

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 24,000	35,760	34,880	(880)
Charges for services	30,795,719	34,167,081	36,360,226	2,193,145
Revenue from the use of money and property	389,634	313,979	359,936	45,957
Recovered costs	-	-	123,028	123,028
Other	581,845	657,500	543,758	(113,742)
Total revenues	31,791,198	35,174,320	37,421,828	2,247,508
EXPENDITURES				
Current:				
Public works	37,957,010	42,851,458	38,093,961	4,757,497
Total expenditures	37,957,010	42,851,458	38,093,961	4,757,497
Excess (deficiency) of revenues over (under) expenditures	(6,165,812)	(7,677,138)	(672,133)	7,005,005
OTHER FINANCING SOURCES				
Transfers in	5,500,000	5,500,000	5,500,000	-
Total other financing sources	5,500,000	5,500,000	5,500,000	-
Net change in fund balance	\$ (665,812)	(2,177,138)	4,827,867	7,005,005

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2q

Special Revenue Fund

Budgetary Comparison Schedule - Energy Resource Recovery Facility Fund (Budget Basis)

For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 30,272,100	30,272,100	30,993,887	721,787
Revenue from the use of money and property	564,369	564,369	238,570	(325,799)
Total revenues	30,836,469	30,836,469	31,232,457	395,988
EXPENDITURES				
Current:				
Public works	33,895,781	33,895,781	34,051,811	(156,030)
Total expenditures	33,895,781	33,895,781	34,051,811	(156,030)
Net change in fund balance	\$ (3,059,312)	(3,059,312)	(2,819,354)	239,958

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2r

Special Revenue Fund**Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 10,800	10,800	7,545	(3,255)
Charges for services	4,904,459	4,904,459	4,466,944	(437,515)
Revenue from the use of money and property	3,745,081	3,745,081	2,151,684	(1,593,397)
Recovered costs	-	-	2,420	2,420
Other	40,000	40,000	89,479	49,479
Total revenues	8,700,340	8,700,340	6,718,072	(1,982,268)
EXPENDITURES				
Current:				
Public works	13,915,403	30,393,983	5,414,927	24,979,056
Total expenditures	13,915,403	30,393,983	5,414,927	24,979,056
Net change in fund balance	\$ (5,215,063)	(21,693,643)	1,303,145	22,996,788

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2s

Special Revenue Fund**Budgetary Comparison Schedule - Community Development Block Grant Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,370,000	13,674,722	5,585,273	(8,089,449)
Revenue from the use of money and property	-	228,333	563,677	335,344
Total revenues	6,370,000	13,903,055	6,148,950	(7,754,105)
EXPENDITURES				
Current:				
Community development	6,370,000	14,395,803	5,944,470	8,451,333
Total expenditures	6,370,000	14,395,803	5,944,470	8,451,333
Net change in fund balance	\$ -	(492,748)	204,480	697,228

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2t

Special Revenue Fund**Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developers' contributions	\$ 900,000	900,000	3,140,564	2,240,564
Revenue from the use of money and property	300,000	300,000	442,807	142,807
Total revenues	1,200,000	1,200,000	3,583,371	2,383,371
EXPENDITURES				
Current:				
Community development	1,200,000	11,246,576	1,590,373	9,656,203
Total expenditures	1,200,000	11,246,576	1,590,373	9,656,203
Excess (deficiency) of revenues over (under) expenditures	-	(10,046,576)	1,992,998	12,039,574
OTHER FINANCING SOURCES				
Transfers in	-	300,000	300,000	-
Total other financing sources	-	300,000	300,000	-
Net change in fund balance	\$ -	(9,746,576)	2,292,998	12,039,574

COUNTY OF FAIRFAX, VIRGINIA

Exhibit D-2u

Special Revenue Fund**Budgetary Comparison Schedule - Home Investment Partnership Grant Fund (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,081,000	4,873,938	1,129,903	(3,744,035)
Revenue from the use of money and property	-	444,558	98,717	(345,841)
Total revenues	2,081,000	5,318,496	1,228,620	(4,089,876)
EXPENDITURES				
Current:				
Community development	2,081,000	5,427,769	1,385,848	4,041,921
Total expenditures	2,081,000	5,427,769	1,385,848	4,041,921
Net change in fund balance	\$ -	(109,273)	(157,228)	(47,955)

The **Debt Service Funds** are used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses.

County Debt Service Fund is used to account for the funds accumulated and expended for the payment of principal, interest, and other costs applicable to the non-Public Schools portion of the general obligation bond issues, certain lease revenue bonds, and the special assessment bond issue for the McLean Community Center.

School Debt Service Fund is used to account for the funds accumulated and expended for the payment of principal, interest, and other costs applicable to the Public Schools portion of the general obligation bond issues and loans received from the Literary Fund of Virginia.

COUNTY OF FAIRFAX, VIRGINIA
Debt Service Funds
Combining Balance Sheet
June 30, 2002

Exhibit E

	County	School	Total Debt Service Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 4,986,525	5,845,538	10,832,063
Restricted cash with fiscal agents	281,735	67,009	348,744
Total assets	\$ 5,268,260	5,912,547	11,180,807
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 109,706	204,989	314,695
Matured bond principal and interest payable	173,446	67,009	240,455
Deferred revenue	157,661	245,379	403,040
Total liabilities	440,813	517,377	958,190
Fund balances:			
Unreserved	4,827,447	5,395,170	10,222,617
Total fund balances	4,827,447	5,395,170	10,222,617
Total liabilities and fund balances	\$ 5,268,260	5,912,547	11,180,807

COUNTY OF FAIRFAX, VIRGINIA

Exhibit E-1

Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended June 30, 2002

	County	School	Total Debt Service Funds
REVENUES			
Intergovernmental	\$ 32,740	-	32,740
Total revenues	32,740	-	32,740
EXPENDITURES			
Principal retirement	60,227,973	64,225,952	124,453,925
Interest and other:			
Interest	35,506,524	40,145,416	75,651,940
Fiscal agents' and consultant's fees	291,783	544,213	835,996
Total interest and other	35,798,307	40,689,629	76,487,936
Total expenditures	96,026,280	104,915,581	200,941,861
Deficiency of revenues under expenditures	(95,993,540)	(104,915,581)	(200,909,121)
OTHER FINANCING SOURCES (USES)			
Transfers in from:			
General Fund	98,125,724	105,528,408	203,654,132
Capital projects funds	1,148,964	2,196,549	3,345,513
Proceeds from sale of refunding bonds	25,625,001	36,989,915	62,614,916
Payments to refunded bond escrow agent	(25,602,101)	(36,959,277)	(62,561,378)
Total other financing sources (uses)	99,297,588	107,755,595	207,053,183
Net change in fund balances	3,304,048	2,840,014	6,144,062
Fund balances, July 1, 2001	1,523,399	2,555,156	4,078,555
Fund balances, June 30, 2002	\$ 4,827,447	5,395,170	10,222,617

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - County Debt Service Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit E-2a

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,000	25,000	32,740	7,740
Total revenues	25,000	25,000	32,740	7,740
EXPENDITURES				
Principal retirement	57,923,405	60,350,429	60,227,973	122,456
Interest and other:				
Interest	41,176,266	39,028,292	35,506,524	3,521,768
Fiscal agents' and consultant's fees	17,000	253,000	291,783	(38,783)
Total interest and other	41,193,266	39,281,292	35,798,307	3,482,985
Total expenditures	99,116,671	99,631,721	96,026,280	3,605,441
Excess (deficiency) of revenues over (under) expenditures	(99,091,671)	(99,606,721)	(95,993,540)	3,613,181
OTHER FINANCING SOURCES				
Transfers in from General Fund	98,125,724	98,125,724	98,125,724	-
Proceeds from sale of refunding bonds	-	-	1,171,864	1,171,864
Total other financing sources	98,125,724	98,125,724	99,297,588	1,171,864
Net change in fund balance	\$ (965,947)	(1,480,997)	3,304,048	4,785,045

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - School Debt Service Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit E-2b

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	-	-	-
EXPENDITURES				
Principal retirement	60,010,524	64,228,500	64,225,952	2,548
Interest and other:				
Interest	47,410,510	43,311,927	40,145,416	3,166,511
Fiscal agents' and consultant's fees	5,000	500,000	544,213	(44,213)
Total interest and other	47,415,510	43,811,927	40,689,629	3,122,298
Total expenditures	107,426,034	108,040,427	104,915,581	3,124,846
Excess (deficiency) of revenues over (under) expenditures	(107,426,034)	(108,040,427)	(104,915,581)	3,124,846
OTHER FINANCING SOURCES				
Transfers in from General Fund	105,528,408	105,528,408	105,528,408	-
Proceeds from sale of refunding bonds	-	-	2,227,187	2,227,187
Total other financing sources	105,528,408	105,528,408	107,755,595	2,227,187
Net change in fund balance	\$ (1,897,626)	(2,512,019)	2,840,014	5,352,033



The **Capital Projects Funds** are used to account for financial resources used for all general County and School construction projects other than enterprise fund construction.

Countywide Roadway Improvement Fund is used to account for funds held in reserve for necessary road construction and improvements for which funding from other sources is not available. Funds are transferred from this fund to other County road construction funds, as approved by the Board of Supervisors.

Contributed Roadway Improvement Fund is used to account for contributions received from developers to fund specific projects in various growth areas of the County.

Library Construction Fund is used to account for design and construction of new County libraries, renovation of existing facilities, and capital equipment expenditures authorized by voter referendum. Projects are funded from the sale of bonds.

County Construction Fund is used to account for renovations essential to the safe and efficient operation of County government buildings, facilities, and equipment. Projects are usually funded by transfers from the General Fund and aid from the State.

Primary and Secondary Road Bond Construction Fund is used to account for road construction and repair authorized by voter referendum. Projects are funded primarily from the sale of bonds. Other sources of funding are developers' contributions and transfers from other funds.

Sidewalk Construction Fund is used to account for the design and construction of sidewalks to provide safe walking conditions for public school students. The Sidewalk Program is undertaken in cooperation with the Public School system and generally involves projects which link residential areas and public schools. Projects are funded by the General Fund.

Public Works Construction Fund is used to account for the construction of various projects including the County's streetlight program, storm drainage projects, and storm water monitoring programs. Projects are funded by transfers from the General Fund, aid from the State, and contributions from developers.

Metro Operations and Construction Fund is used to account for subsidies to the Washington Metropolitan Area Transit Authority for Metrobus/Metrorail operations and Metrorail construction. The cost of the operations and construction is shared by all local jurisdictions in the Washington, D.C. metropolitan area.

Storm Drainage Bond Construction Fund is used to account for the improvement and construction of storm drainage systems. Projects are funded by the sale of bonds.

County Bond Construction Fund is used to account for the design and construction of commuter parking facilities and other transportation improvements, human service facilities, and adult and juvenile detention facilities. These projects are funded by the sale of bonds and Federal Transit Authority grants. In addition, County general obligation bond proceeds that are allocated to the capital projects funds of the discretely presented component units are reported as other financing sources and functional expenditures in this fund.

Public Safety Construction Fund is used to account for the funding of public safety projects, including the design and construction of fire stations, police stations, and the Public Safety Academy. Projects are funded by the sale of bonds.

Trail Construction Fund is used to account for the construction of new trails for pedestrians and bicyclists, upgrades to existing trails, and rebuilding existing trails to current design standards in order to alleviate safety problems. Projects are funded by transfers from the General Fund.

Neighborhood Improvement Fund is used to account for public facilities improvements such as curbs, gutters, sidewalks, storm drainage, and the widening of streets. Projects are funded by the sale of bonds.

Commercial Revitalization Program Fund is used to account for the development and revitalizations of commercial centers. The improvements financed through the program include moving utilities underground, sidewalk construction, street lighting, tree planting, and other pedestrian amenities. Projects are funded by the sale of bonds.

Pro Rata Drainage Construction Fund is used to account for storm drainage projects in accordance with the Pro Rata Share Program approved by the Board of Supervisors on December 16, 1991. Under this program, funding is obtained from land developers who pay a pro rata share of the total estimated cost of necessary storm drainage improvements.

Housing Assistance Program Fund is used to account for the development of low and moderate income housing and the support of public improvement projects in low and moderate income neighborhoods.

Housing General Obligation Bond Construction Fund is used to account for projects that are supported wholly or in part by general obligation bond proceeds. This program involves providing assistance to maintain and improve the infrastructure and housing stock in older neighborhoods where residents have limited financial means to support the improvements.

Northern Virginia Regional Park Authority Fund is used to account for the subsidies to a system of regional parks in the Northern Virginia area which is operated by this Authority. These community resources are supported primarily from the contributions of its member jurisdictions: the Counties of Fairfax, Loudoun, and Arlington, and the Cities of Fairfax, Alexandria, and Falls Church.

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2002

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction	Primary and Secondary Road Bond Construction
ASSETS					
Equity in pooled cash and temporary investments	\$ 1,795,429	33,871,093	100	18,694,432	3,394,759
Accounts receivables	-	-	-	4,000,000	-
Accrued interest receivable	-	17,320	-	-	-
Due from intergovernmental units	-	1,632,615	-	-	-
Restricted equity in pooled cash and temporary investments	-	-	325,545	-	13,455,430
Total assets	\$ 1,795,429	35,521,028	325,645	22,694,432	16,850,189
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 17,493	569,379	-	255,887	1,080,926
Contracts payable	-	95,287	-	708,557	19,018
Contract retainages	-	271,591	100	-	294,747
Due to component units	-	-	-	248,176	-
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	2,047,457	-
Deposits	-	5,965,165	-	-	12,420
Total liabilities	17,493	6,901,422	100	3,260,077	1,407,111
Fund balances:					
Reserved for:					
Encumbrances	79,375	2,624,080	93,793	2,585,182	3,141,733
Certain capital projects	-	-	325,545	-	13,455,430
Unreserved (deficits)	1,698,561	25,995,526	(93,793)	16,849,173	(1,154,085)
Total fund balances	1,777,936	28,619,606	325,545	19,434,355	15,443,078
Total liabilities and fund balances	\$ 1,795,429	35,521,028	325,645	22,694,432	16,850,189

Exhibit F

Sidewalk Construction	Public Works Construction	Metro Operations and Construction	Storm Drainage Bond Construction
4,796,900	11,850,488	525,547	44,177
-	5,359	-	-
-	-	-	-
101,182	-	-	-
-	-	16,036,811	117,801
4,898,082	11,855,847	16,562,358	161,978
92,040	1,698,936	-	41,630
23,531	128,916	-	2,547
6,583	23,067	-	-
-	-	-	-
-	-	-	-
43,583	1,650,258	-	-
-	-	-	-
165,737	3,501,177	-	44,177
325,206	1,246,982	-	70,321
-	-	16,036,811	117,801
4,407,139	7,107,688	525,547	(70,321)
4,732,345	8,354,670	16,562,358	117,801
4,898,082	11,855,847	16,562,358	161,978

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2002

	County Bond Construction	Public Safety Construction	Trail Construction	Neighborhood Improvement	Commerical Revitalization Program
ASSETS					
Equity in pooled cash and temporary investments	\$ 2,650,593	42,010,826	56,696	132,091	-
Accounts receivables	549,542	1,013,657	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from intergovernmental units	-	-	337,914	-	-
Restricted equity in pooled cash and temporary investments	1,204,384	-	-	81,589	-
Total assets	\$ 4,404,519	43,024,483	394,610	213,680	-
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 755,623	2,498,536	1,500	-	12,000
Contracts payable	328,846	68,432	1,813	-	-
Contract retainages	466,028	1,436,601	7,682	22,241	2,555
Due to component units	-	-	-	-	-
Interfund payable	-	-	-	-	745,184
Deferred revenue - other	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	1,550,497	4,003,569	10,995	22,241	759,739
Fund balances:					
Reserved for:					
Encumbrances	7,348,663	16,925,083	71,526	346,655	1,569,385
Certain capital projects	1,204,384	-	-	81,589	-
Unreserved (deficits)	(5,699,025)	22,095,831	312,089	(236,805)	(2,329,124)
Total fund balances	2,854,022	39,020,914	383,615	191,439	(759,739)
Total liabilities and fund balances	\$ 4,404,519	43,024,483	394,610	213,680	-

Exhibit F
continued

Pro Rata Drainage Construction	Housing Assistance Program	Housing General Obligation Bond Construction	Total Capital Projects Funds
24,293,264	1,324,180	-	145,440,575
-	-	-	5,568,558
-	-	-	17,320
-	-	-	2,071,711
-	-	86,211	31,307,771
24,293,264	1,324,180	86,211	184,405,935
68,135	-	-	7,092,085
262,027	7,679	-	1,646,653
8,035	125,947	-	2,665,177
-	-	-	248,176
-	-	-	745,184
23,951,689	-	-	27,692,987
-	-	-	5,977,585
24,289,886	133,626	-	46,067,847
1,643,166	894,185	13,690	38,979,025
-	-	86,211	31,307,771
(1,639,788)	296,369	(13,690)	68,051,292
3,378	1,190,554	86,211	138,338,088
24,293,264	1,324,180	86,211	184,405,935

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended June 30, 2002

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction	Primary and Secondary Road Bond Construction
REVENUES					
Intergovernmental	\$ -	5,857,240	-	6,849,552	17,983
Developers' contributions	-	2,333,530	-	-	129,708
Revenue from the use of money and property	-	824,221	-	-	-
Recovered costs	-	-	-	-	-
Other	-	-	-	4,129,737	36,875
Total revenues	-	9,014,991	-	10,979,289	184,566
EXPENDITURES					
Current:					
General government administration	-	-	-	42,064	-
Judicial administration	-	-	-	210	-
Public safety	-	-	-	1,175,128	-
Public works	-	-	-	261,390	-
Health and welfare	-	-	-	936,860	-
Community development	637,943	7,894,841	-	1,355,353	9,708,454
Parks, recreation and cultural	-	-	3,743	6,794,238	-
Education - payments to Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	2,474,946	-
Judicial administration	-	-	-	352,316	-
Public safety	-	-	-	649,045	-
Public works	-	-	-	17,000	-
Health and welfare	-	-	-	30,512,547	-
Community development	-	-	-	103,694	803,960
Parks, recreation and cultural	-	-	5,433,951	817,701	-
Total expenditures	637,943	7,894,841	5,437,694	45,492,492	10,512,414
Excess (deficiency) of revenues over (under) expenditures	(637,943)	1,120,150	(5,437,694)	(34,513,203)	(10,327,848)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	343,600	-	4,256,813	350,000
Transfers out	-	-	(65,000)	-	(554,500)
Proceeds from sale of County general obligations bonds	-	-	3,915,000	-	12,690,900
Capital leases and installment purchases	-	-	-	29,000,000	-
Total other financing sources (uses)	-	343,600	3,850,000	33,256,813	12,486,400
Net change in fund balances	(637,943)	1,463,750	(1,587,694)	(1,256,390)	2,158,552
Fund balances, July 1, 2001	2,415,879	27,155,856	1,913,239	20,690,745	13,284,526
Fund balances (deficits), June 30, 2002	\$ 1,777,936	28,619,606	325,545	19,434,355	15,443,078

Exhibit F-1

Sidewalk Construction	Public Works Construction	Metro Operations and Construction	Storm Drainage Bond Construction
1,076,182	1,115,254	-	-
-	54,900	-	-
-	-	-	-
-	117,896	-	-
-	316	-	92
1,076,182	1,288,366	-	92
-	-	-	-
-	-	-	-
-	-	-	-
-	1,600,034	-	29,991
-	-	-	-
-	1,443,282	16,426,402	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	931,800	-	-
-	-	-	-
1,065,819	-	-	-
-	-	-	-
1,065,819	3,975,116	16,426,402	29,991
10,363	(2,686,750)	(16,426,402)	(29,899)
-	850,277	11,450,844	-
-	-	(1,670,224)	-
-	-	14,129,800	-
-	-	-	-
-	850,277	23,910,420	-
10,363	(1,836,473)	7,484,018	(29,899)
4,721,982	10,191,143	9,078,340	147,700
4,732,345	8,354,670	16,562,358	117,801

continued

COUNTY OF FAIRFAX, VIRGINIA**Capital Projects Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****For the fiscal year ended June 30, 2002**

	County Bond Construction	Public Safety Construction	Trail Construction	Neighborhood Improvement	Commerical Revitalization Program
REVENUES					
Intergovernmental	\$ 1,266,522	39,822,220	337,914	-	-
Developers' contributions	-	319,147	-	-	64,777
Revenue from the use of money and property	-	-	-	30,094	-
Recovered costs	-	-	-	-	-
Other	1,142	1,994	-	-	-
Total revenues	1,267,664	40,143,361	337,914	30,094	64,777
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	1,019,102	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	474,170	-	-	593,668	904,378
Parks, recreation and cultural	8,000,000	-	-	-	-
Education - payments to Public Schools	130,000,000	-	-	-	-
Capital outlay:					
General government administration	3,540,725	-	-	-	-
Judicial administration	286,912	-	-	-	-
Public safety	2,463,479	28,745,311	-	-	-
Public works	-	-	-	-	-
Health and welfare	2,216	-	-	-	-
Community development	347,874	-	519,909	-	441,177
Parks, recreation and cultural	-	-	-	-	-
Total expenditures	145,115,376	29,764,413	519,909	593,668	1,345,555
Excess (deficiency) of revenues over (under) expenditures	(143,847,712)	10,378,948	(181,995)	(563,574)	(1,280,778)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	200,000	-	-
Transfers out	(2,331,713)	(456,200)	-	(8,900)	-
Proceeds from sale of County general obligations bonds	140,331,713	27,456,200	-	533,900	-
Capital leases and installment purchases	-	-	-	-	-
Total other financing sources (uses)	138,000,000	27,000,000	200,000	525,000	-
Net change in fund balances	(5,847,712)	37,378,948	18,005	(38,574)	(1,280,778)
Fund balances, July 1, 2001	8,701,734	1,641,966	365,610	230,013	521,039
Fund balances (deficits), June 30, 2002	\$ 2,854,022	39,020,914	383,615	191,439	(759,739)

Exhibit F-1
continued

Pro Rata Drainage Construction	Housing Assistance Program	Housing General Obligation Bond Construction	Northern Virginia Regional Park Authority	Total Capital Projects Funds
60,000	1,370,000	-	-	57,772,867
-	145,000	-	-	3,047,062
-	9,783	-	-	864,098
1,426,722	482,548	-	-	2,027,166
406	4,870	-	-	4,175,432
1,487,128	2,012,201	-	-	67,886,625
-	-	-	-	42,064
-	-	-	-	210
-	-	-	-	2,194,230
1,486,722	-	-	-	3,378,137
-	-	-	-	936,860
-	4,895,897	-	-	44,334,388
-	-	-	2,250,000	17,047,981
-	-	-	-	130,000,000
-	-	-	-	6,015,671
-	-	-	-	639,228
-	-	-	-	31,857,835
-	-	-	-	948,800
-	-	-	-	30,514,763
-	820,085	-	-	4,102,518
-	-	-	-	6,251,652
1,486,722	5,715,982	-	2,250,000	278,264,337
406	(3,703,781)	-	(2,250,000)	(210,377,712)
-	1,850,000	-	-	19,301,534
-	-	-	(38,000)	(5,124,537)
-	-	-	2,288,000	201,345,513
-	-	-	-	29,000,000
-	1,850,000	-	2,250,000	244,522,510
406	(1,853,781)	-	-	34,144,798
2,972	3,044,335	86,211	-	104,193,290
3,378	1,190,554	86,211	-	138,338,088



The **Internal Service Funds** are used to account for the financing of goods or services provided by a department to another department on a cost reimbursement basis.

Central Stores Fund is used to account for the acquisition and issuance of certain office supplies and maintenance items to various departments.

Vehicle Services Fund is used to account for the acquisition of certain motor vehicles and the costs associated with the operation thereof by various departments of the reporting entity.

Self-Insurance Fund is used to account for the costs associated with meeting the County's casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to County employees who sustain occupational injuries. This fund utilizes claims and insurance management, rehabilitation, safety programs, and risk administration to minimize risk and loss potential.

Document Services Fund is used to account for the costs associated with providing printing, copying, and micrographic services to various departments of the reporting entity.

Technology Infrastructure Services Fund is used to account for the costs associated with providing data center and network services to County departments through the operation and maintenance of a mainframe computer, data communications equipment, and radio networks.

Health Benefits Fund is used to account for the provision of a comprehensive health insurance benefits program to County employees.

Retiree Health Benefits Fund is used to account for subsidy payments of \$100 per month to eligible retirees of the County and certain surviving spouses to help pay for health insurance coverage in a plan provided by the County.

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2002

	Central Stores	Vehicle Services	Self-Insurance	Document Services
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ -	21,773,422	25,393,819	1,542,484
Accrued interest receivable	-	-	12,539	-
Accounts receivable	-	-	-	309,795
Interfund receivables	-	-	-	-
Inventories and other	822,184	1,489,679	-	11,323
Prepaid items and other assets	-	-	187,225	-
Total current assets	822,184	23,263,101	25,593,583	1,863,602
Noncurrent assets:				
Capital assets:				
Land	-	1,938,688	-	-
Buildings and improvements	-	14,728,508	-	-
Equipment	-	46,435,178	-	802,810
Accumulated depreciation	-	(32,711,536)	-	(463,411)
Total capital assets, net	-	30,390,838	-	339,399
Total assets	822,184	53,653,939	25,593,583	2,203,001
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,838	2,233,839	37,014	604,866
Interfund payables	630,809	101,099	4,870	6,402
Compensated absences	-	935,723	66,196	44,960
Insurance and benefit claims payable	-	-	6,962,626	-
Total current liabilities	635,647	3,270,661	7,070,706	656,228
Noncurrent liabilities:				
Compensated absences	-	658,353	21,134	31,502
Insurance and benefit claims payable	-	-	12,434,221	-
Total noncurrent liabilities	-	658,353	12,455,355	31,502
Total liabilities	635,647	3,929,014	19,526,061	687,730
NET ASSETS				
Invested in capital assets	-	30,390,838	-	339,399
Unrestricted	186,537	19,334,087	6,067,522	1,175,872
Total net assets	\$ 186,537	49,724,925	6,067,522	1,515,271

Exhibit G

Technology Infrastructure Services	Health Benefits	Retiree Health Benefits	Total Internal Service Funds
13,363,782	7,785,184	112,903	69,971,594
-	3,360	-	15,899
1,655	-	-	311,450
-	187,637	-	187,637
112,051	-	-	2,435,237
-	-	-	187,225
13,477,488	7,976,181	112,903	73,109,042
-	-	-	1,938,688
873,642	-	-	15,602,150
9,789,255	-	-	57,027,243
(8,160,542)	-	-	(41,335,489)
2,502,355	-	-	33,232,592
15,979,843	7,976,181	112,903	106,341,634
1,319,285	3,172	2,284	4,205,298
30,834	-	611	774,625
390,653	-	-	1,437,532
-	6,300,269	-	13,262,895
1,740,772	6,303,441	2,895	19,680,350
260,435	-	-	971,424
-	-	-	12,434,221
260,435	-	-	13,405,645
2,001,207	6,303,441	2,895	33,085,995
2,502,355	-	-	33,232,592
11,476,281	1,672,740	110,008	40,023,047
13,978,636	1,672,740	110,008	73,255,639

COUNTY OF FAIRFAX, VIRGINIA**Internal Service Funds****Combining Statement of Revenues, Expenses, and Changes in Net Assets****For the fiscal year ended June 30, 2002**

	Central Stores	Vehicle Services	Self-Insurance	Document Services
Operating revenues:				
Charges to other funds	\$ 1,143,307	44,147,290	5,167,651	4,548,172
Other	-	292,381	-	-
Total operating revenues	1,143,307	44,439,671	5,167,651	4,548,172
Operating expenses:				
Personnel services	-	13,488,796	792,762	927,458
Materials and supplies	1,177,595	-	-	1,104,521
Equipment operation and maintenance	-	16,525,613	-	3,675,406
Risk financing and benefit payments	-	-	9,880,637	-
Depreciation and amortization	-	6,630,361	-	59,181
Professional consultant and contractual services	-	110,408	75,411	1,829,298
Other	-	-	-	1,826
Total operating expenses	1,177,595	36,755,178	10,748,810	7,597,690
Operating income (loss)	(34,288)	7,684,493	(5,581,159)	(3,049,518)
Nonoperating revenues (expenses):				
Interest revenue	-	-	622,986	-
Gain (loss) on disposal of capital assets	-	329,854	-	(2,124)
Total nonoperating revenues (expenses)	-	329,854	622,986	(2,124)
Income (loss) before capital contributions and operating transfers	(34,288)	8,014,347	(4,958,173)	(3,051,642)
Capital contributions	-	2,634,072	-	-
Transfers in	-	-	-	2,755,000
Transfers out	-	(3,000,000)	-	-
Change in net assets	(34,288)	7,648,419	(4,958,173)	(296,642)
Total net assets, July 1, 2001	220,825	42,076,506	11,025,695	1,811,913
Total net assets, June 30, 2002	\$ 186,537	49,724,925	6,067,522	1,515,271

Exhibit G-1

Technology Infrastructure Services	Health Benefits	Retiree Health Benefits	Total Internal Service Funds
19,812,284	41,187,244	1,917,915	117,923,863
-	-	-	292,381
19,812,284	41,187,244	1,917,915	118,216,244
5,025,405	-	57,838	20,292,259
493,526	-	-	2,775,642
7,797,657	-	-	27,998,676
-	44,797,809	1,981,379	56,659,825
664,706	-	-	7,354,248
2,980,850	-	-	4,995,967
134,265	50,787	-	186,878
17,096,409	44,848,596	2,039,217	120,263,495
2,715,875	(3,661,352)	(121,302)	(2,047,251)
-	202,351	-	825,337
13,028	-	-	340,758
13,028	202,351	-	1,166,095
2,728,903	(3,459,001)	(121,302)	(881,156)
-	-	-	2,634,072
-	-	-	2,755,000
-	-	-	(3,000,000)
2,728,903	(3,459,001)	(121,302)	1,507,916
11,249,733	5,131,741	231,310	71,747,723
13,978,636	1,672,740	110,008	73,255,639

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2002

	Central Stores	Vehicle Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interfund services provided	\$ 1,143,307	44,439,671
Payments to suppliers	(1,291,805)	(11,763,922)
Payments to employees	-	(13,442,024)
Claims and benefits paid	-	-
Payments for interfund services used	-	(4,793,174)
Net cash provided (used) by operating activities	(148,498)	14,440,551
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loan from General Fund	630,809	-
Payment of loan to General Fund	(482,311)	-
Transfers to other funds	-	(3,000,000)
Transfers from other funds	-	-
Net cash provided (used) by noncapital financing activities	148,498	(3,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	-	643,975
Purchase of capital assets	-	(9,936,276)
Net cash used by capital and related financing activities	-	(9,292,301)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	-
Net cash provided by investing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	2,148,250
Cash and cash equivalents, July 1, 2001	-	19,625,172
Cash and cash equivalents, June 30, 2002	\$ -	21,773,422
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (34,288)	7,684,493
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	-	6,630,361
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	-	-
Decrease in interfund receivables	-	-
(Increase) decrease in inventories of supplies	(43,701)	90,145
Decrease in prepaid items and other assets	-	-
Increase (decrease) in accounts payable and accrued liabilities, net of interest	(70,509)	30,078
Increase in interfund payables	-	5,474
Total adjustments to operating income (loss)	(114,210)	6,756,058
Net cash provided (used) by operating activities	\$ (148,498)	14,440,551
Noncash investing, capital, and financing activities:		
Capital contributions - police vehicles	\$ -	2,634,072

Self-Insurance	Document Services	Technology Infrastructure Services	Health Benefits	Retiree Health Benefits	Total Internal Service Funds
5,167,652	4,249,093	19,813,921	41,220,409	1,917,915	117,951,968
-	-	-	-	-	(13,055,727)
(787,327)	(926,266)	(4,990,196)	-	(72,224)	(20,218,037)
(9,212,011)	-	-	(42,744,856)	(1,966,799)	(53,923,666)
(175,976)	(6,474,680)	(10,573,729)	-	-	(22,017,559)
(5,007,662)	(3,151,853)	4,249,996	(1,524,447)	(121,108)	8,736,979
-	-	-	-	-	630,809
-	-	-	-	-	(482,311)
-	-	-	-	-	(3,000,000)
-	2,755,000	-	-	-	2,755,000
-	2,755,000	-	-	-	(96,502)
-	-	13,028	-	-	657,003
-	(384,898)	(1,144,113)	-	-	(11,465,287)
-	(384,898)	(1,131,085)	-	-	(10,808,284)
625,206	-	-	204,502	-	829,708
625,206	-	-	204,502	-	829,708
(4,382,456)	(781,751)	3,118,911	(1,319,945)	(121,108)	(1,338,099)
29,776,275	2,324,235	10,244,871	9,105,129	234,011	71,309,693
25,393,819	1,542,484	13,363,782	7,785,184	112,903	69,971,594
(5,581,159)	(3,049,518)	2,715,875	(3,661,352)	(121,302)	(2,047,251)
-	59,181	664,706	-	-	7,354,248
-	(299,079)	932	-	-	(298,147)
-	-	-	33,164	-	33,164
-	10,367	24,608	-	-	81,419
209	-	703	-	-	912
572,371	126,572	837,052	2,103,741	130	3,599,435
917	624	6,120	-	64	13,199
573,497	(102,335)	1,534,121	2,136,905	194	10,784,230
(5,007,662)	(3,151,853)	4,249,996	(1,524,447)	(121,108)	8,736,979
-	-	-	-	-	2,634,072



The **Fiduciary Funds** are used to account for assets held by the County in a trustee or agency capacity and include the pension trust funds and agency funds. Pension trust funds account for assets held by the County under terms of a formal trust agreement. Agency funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension Trust Funds are used to account for employee retirement systems that provide pension benefits for various classes of County employees. The County maintains three employee retirement funds: the Uniformed Retirement Fund, the Employees' Retirement Fund, and the Police Officers Retirement Fund.

Sanitary Reimbursement Fund is an agency fund used to account for the collection of contributions from beneficiary developers toward the construction of major sewer lines and the reimbursement of these funds to the primary developers.

Special Welfare Fund is an agency fund used to account for regular assistance payments to recipients in the Aid to Dependent Children Program. These funds include money from the State, individuals, organizations, and churches.

Resource Recovery Fund is an agency fund used to account for the assets related to the mass burn facility located near Interstate 95. This is the fund of the Fairfax County Solid Waste Authority, a blended component unit.

Vienna/Huntington Metrorail Fund is an agency fund used to account for certain funds related to the construction and operation of parking facilities at WMATA's Vienna and Huntington Metrorail Stations.

State Taxes Fund is an agency fund used to account for the collection of sheriff's fees and the subsequent remittances to the Commonwealth of Virginia.

Route 28 Fund is an agency fund used to account for the collection of assessments on industrial and commercial properties for transportation improvements to Route 28 and the subsequent remittances of these funds to the Commonwealth of Virginia.

Lake Barcroft Fund is an agency fund used to account for the collection of special assessments from property owners in the Lake Barcroft area and the subsequent remittances of these funds to the Commonwealth of Virginia.

Northern Virginia Regional Identification System Fund is an agency fund used to account for funds received from local jurisdictions in the Washington, D.C. metropolitan area for the operation of a regional fingerprint center.



COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Fiduciary Net Assets
June 30, 2002

	Pension Trust Funds					
	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds	Sanitary Reimbursement	Special Welfare
ASSETS						
Equity in pooled cash and temporary investments	\$ 5,031,936	6,693,488	1,252,997	12,978,421	1,809,496	613,320
Cash collateral for securities lending	39,257,381	78,786,454	33,811,115	151,854,950	-	-
Accounts receivable	-	-	-	-	-	-
Accrued interest and dividends receivable	2,666,962	8,736,053	3,164,553	14,567,568	679	267
Receivable from sale of pension investments	13,626,181	65,539,856	11,079,368	90,245,405	-	-
Due from intergovernmental units	-	-	-	-	-	34,447
Investments, at fair value	674,981,576	1,793,366,455	601,061,489	3,069,409,520	-	-
Equipment	-	-	-	-	-	-
Total assets	735,564,036	1,953,122,306	650,369,522	3,339,055,864	1,810,175	648,034
LIABILITIES						
Accounts payable and accrued liabilities	535,989	2,271,410	752,740	3,560,139	619	648,034
Payable for purchase of pension investments	78,145,263	155,083,830	42,489,012	275,718,105	-	-
Liabilities for collateral received under securities lending agreements	39,257,381	78,786,454	33,811,115	151,854,950	-	-
Liabilities under reimbursement agreements	-	-	-	-	1,809,556	-
Interfund payable	-	45,041	-	45,041	-	-
Obligations under capital lease and installment purchases	-	-	-	-	-	-
Total liabilities	117,938,633	236,186,735	77,052,867	431,178,235	1,810,175	648,034
NET ASSETS						
Held in trust for pension benefits	\$ 617,625,403	1,716,935,571	573,316,655	2,907,877,629		

Agency Funds						Total Fiduciary Funds
Resource Recovery	Vienna/ Huntington Metrorail	Route 28	Lake Barcroft	NOVA Regional ID System	Total Agency Funds	
-	-	1,733	-	59,436	2,483,985	15,462,406
-	-	-	-	-	-	151,854,950
-	-	32,183	11,112	-	43,295	43,295
-	-	2	-	30	978	14,568,546
-	-	-	-	-	-	90,245,405
-	-	-	-	-	34,447	34,447
32,827,798	7,284,974	-	-	-	40,112,772	3,109,522,292
-	-	-	-	2,328,200	2,328,200	2,328,200
32,827,798	7,284,974	33,918	11,112	2,387,666	45,003,677	3,384,059,541
-	63,627	33,918	11,112	1,165,064	1,922,374	5,482,513
-	-	-	-	-	-	275,718,105
-	-	-	-	-	-	151,854,950
32,827,798	7,221,347	-	-	-	41,858,701	41,858,701
-	-	-	-	-	-	45,041
-	-	-	-	1,222,602	1,222,602	1,222,602
32,827,798	7,284,974	33,918	11,112	2,387,666	45,003,677	476,181,912
						<u>2,907,877,629</u>



COUNTY OF FAIRFAX, VIRGINIA

Exhibit H-1

Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2002

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 18,778,608	31,083,805	15,077,920	64,940,333
Plan members	6,892,667	24,217,436	8,335,903	39,446,006
Total contributions	25,671,275	55,301,241	23,413,823	104,386,339
Investment income:				
Net depreciation in fair value of investments	(45,163,488)	(124,527,165)	(48,109,036)	(217,799,689)
Interest	12,662,086	36,873,130	13,040,559	62,575,775
Dividends	2,158,581	17,750,036	6,586,016	26,494,633
Securities lending	1,325,179	2,459,065	928,972	4,713,216
Other	31,841	24,599	3,191	59,631
Total investment loss	(28,985,801)	(67,420,335)	(27,550,298)	(123,956,434)
Less investment expenses:				
Investment fees and other	1,589,785	5,739,479	2,376,160	9,705,424
Securities lending	1,023,855	1,899,933	735,221	3,659,009
Total investment expenses	2,613,640	7,639,412	3,111,381	13,364,433
Net investment loss	(31,599,441)	(75,059,747)	(30,661,679)	(137,320,867)
Total additions	(5,928,166)	(19,758,506)	(7,247,856)	(32,934,528)
DEDUCTIONS				
Benefits	20,116,400	70,703,828	24,024,119	114,844,347
Refunds of contributions	290,966	3,774,942	599,127	4,665,035
Administrative expenses	220,125	807,529	199,138	1,226,792
Total deductions	20,627,491	75,286,299	24,822,384	120,736,174
Net decrease	(26,555,657)	(95,044,805)	(32,070,240)	(153,670,702)
Net assets, July 1, 2001	644,181,060	1,811,980,376	605,386,895	3,061,548,331
Net assets, June 30, 2002	\$ 617,625,403	1,716,935,571	573,316,655	2,907,877,629

COUNTY OF FAIRFAX, VIRGINIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year fiscal year ended June 30, 2002

	Balances June 30, 2001	Additions	Deductions	Balances June 30, 2002
Sanitary Reimbursement:				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,428,850	966,558	585,912	1,809,496
Accrued interest receivable	734	679	734	679
Total assets	1,429,584	967,237	586,646	1,810,175
Liabilities:				
Accounts payable and accrued liabilities	616	619	616	619
Liabilities under reimbursement agreements	1,428,968	928,595	548,007	1,809,556
Total liabilities	1,429,584	929,214	548,623	1,810,175
Special Welfare:				
Assets:				
Equity in pooled cash and temporary investments	661,070	2,109,719	2,157,469	613,320
Accrued interest receivable	200	267	200	267
Due from intergovernmental units	31,546	365,703	362,802	34,447
Total assets	692,816	2,475,689	2,520,471	648,034
Liabilities:				
Accounts payable and accrued liabilities	692,816	1,340,830	1,385,612	648,034
Total liabilities	692,816	1,340,830	1,385,612	648,034
Resource Recovery:				
Assets:				
Cash with fiscal agents	-	239,670,376	239,670,376	-
Investments	32,211,415	216,789,619	216,173,236	32,827,798
Total assets	32,211,415	456,459,995	455,843,612	32,827,798
Liabilities:				
Liabilities under reimbursement agreements	32,211,415	478,602,493	477,986,110	32,827,798
Total liabilities	32,211,415	478,602,493	477,986,110	32,827,798
Vienna/Huntington Metrorail:				
Assets:				
Cash with fiscal agents	-	29,421,198	29,421,198	-
Investments	9,651,129	23,437,291	25,803,446	7,284,974
Total assets	9,651,129	52,858,489	55,224,644	7,284,974
Liabilities:				
Accounts payable and accrued liabilities	63,627	-	-	63,627
Liabilities under reimbursement agreements	9,587,502	3,546,974	5,913,129	7,221,347
Total liabilities	9,651,129	3,546,974	5,913,129	7,284,974
State Taxes:				
Assets:				
Equity in pooled cash and temporary investments	6,356	921,701	928,057	-
Total assets	6,356	921,701	928,057	-
Liabilities:				
Liabilities under reimbursement agreements	6,356	921,701	928,057	-
Total liabilities	\$ 6,356	921,701	928,057	-

	Balances June 30, 2001	Additions	Deductions	Balances June 30, 2002
Route 28				
Assets:				
Equity in pooled cash and temporary investments	\$ 16	6,254,561	6,252,844	1,733
Accounts receivable	17,947	6,212,123	6,197,887	32,183
Accrued interest receivable	-	2	-	2
Total assets	17,963	12,466,686	12,450,731	33,918
Liabilities:				
Accounts payable and accrued liabilities	17,963	12,521,750	12,505,795	33,918
Total liabilities	17,963	12,521,750	12,505,795	33,918
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	-	556,626	556,626	-
Accounts receivable	4,800	562,435	556,123	11,112
Total assets	4,800	1,119,061	1,112,749	11,112
Liabilities:				
Accounts payable and accrued liabilities	4,800	569,591	563,279	11,112
Total liabilities	4,800	569,591	563,279	11,112
NOVA Regional ID System				
Assets:				
Equity in pooled cash and temporary investments	232,021	277,731	450,316	59,436
Accrued interest receivable	120	30	120	30
Equipment	1,857,640	702,700	232,140	2,328,200
Total assets	2,089,781	980,461	682,576	2,387,666
Liabilities:				
Accounts payable and accrued liabilities	664,088	1,177,371	676,395	1,165,064
Obligations under capital lease and installment purchases	1,425,693	-	203,091	1,222,602
Total liabilities	2,089,781	1,177,371	879,486	2,387,666
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,328,313	11,086,896	10,931,224	2,483,985
Cash with fiscal agent	-	269,091,574	269,091,574	-
Accounts receivable	22,747	6,774,558	6,754,010	43,295
Accrued interest receivable	1,054	978	1,054	978
Due from intergovernmental units	31,546	365,703	362,802	34,447
Investments	41,862,544	240,226,910	241,976,682	40,112,772
Equipment	1,857,640	702,700	232,140	2,328,200
Total assets	46,103,844	528,249,319	529,349,486	45,003,677
Liabilities:				
Accounts payable and accrued liabilities	1,443,910	15,610,161	15,131,697	1,922,374
Liabilities under reimbursement agreements	43,227,885	483,078,062	484,447,246	41,858,701
Obligations under capital lease and installment purchases	1,425,693	-	203,091	1,222,602
Total liabilities	\$ 46,097,488	498,688,223	499,782,034	45,003,677



The **Capital Assets** schedule reports assets that have been acquired for the activities of the governmental funds. The costs of such assets are recorded as expenditures in the General Fund, special revenue funds, and capital projects funds upon acquisition.



COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source (1)
June 30, 2002

Exhibit I

	Governmental Funds
Governmental funds capital assets:	
Land	\$ 323,507,153
Buildings	675,765,344
Improvements	58,342,016
Equipment	156,722,476
Library collections	33,458,568
Infrastructure	376,552,368
Construction in progress	52,122,448
Total governmental funds capital assets	<u>\$ 1,676,470,373</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 1,026,156,551
Special revenue funds	125,895,558
Capital projects funds	489,812,133
Gifts and donations	34,606,131
Total governmental funds capital assets	<u>\$ 1,676,470,373</u>

- (1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity (1)
June 30, 2002

Function and Activity	Land	Buildings	Improvements	Equipment
General government administration:				
Legislative	\$ 109,267,416	91,433,872	5,096,902	-
General and financial administration	19,610,306	119,544,223	2,016,975	29,148,031
Board of Elections	-	-	-	111,805
Total general government administration	128,877,722	210,978,095	7,113,877	29,259,836
Judicial administration:				
Courts	-	193,555	-	1,630,489
Commonwealth's Attorney	61,298	39,322,854	131,051	1,122,336
Total judicial administration	61,298	39,516,409	131,051	2,752,825
Public safety:				
Law enforcement	425,806	97,107,765	1,356,240	15,032,646
Fire and rescue services	6,181,652	44,892,809	3,117,012	24,213,065
Correction and detention	-	-	-	94,123
Inspections	-	5,377	-	1,074,329
Other protection	-	390,055	1,413,564	2,124,216
Total public safety	6,607,458	142,396,006	5,886,816	42,538,379
Public works:				
Maintenance of streets, roads and bridges	-	119,704,969	6,209,122	2,605,767
Sanitation and waste removal	103,877,170	3,157,632	2,743,454	23,355,613
Maintenance of buildings and grounds	958,661	42,493	1,244,404	1,207,780
Total public works	104,835,831	122,905,094	10,196,980	27,169,160
Health and welfare:				
Health	4,545,842	57,690,804	163,478	1,168,717
Mental health and mental retardation	1,075,495	15,338,826	395,230	795,880
Welfare/social services	-	2,494,973	353,113	6,544,318
Total health and welfare	5,621,337	75,524,603	911,821	8,508,915
Community development:				
Planning and community development	70,043,849	33,628,724	16,990,216	44,103,176
Environmental management	-	-	-	226,333
Cooperative extension program	-	-	1,299,107	-
Total community development	70,043,849	33,628,724	18,289,323	44,329,509
Parks, recreation, and cultural:				
Parks and recreation	440,325	6,766,305	13,251,093	1,514,879
Library	7,019,333	44,050,108	2,561,055	648,973
Total parks, recreation, and cultural	7,459,658	50,816,413	15,812,148	2,163,852
Construction in progress				
Total governmental funds capital assets	\$ 323,507,153	675,765,344	58,342,016	156,722,476

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

Exhibit I-1

Library Collections	Infrastructure	Total
-	-	205,798,190
-	-	170,319,535
-	-	111,805
-	-	376,229,530
-	-	1,824,044
-	-	40,637,539
-	-	42,461,583
-	-	113,922,457
-	-	78,404,538
-	-	94,123
-	-	1,079,706
-	-	3,927,835
-	-	197,428,659
-	276,512,440	405,032,298
-	-	133,133,869
-	-	3,453,338
-	276,512,440	541,619,505
-	-	63,568,841
-	-	17,605,431
-	-	9,392,404
-	-	90,566,676
-	100,039,928	264,805,893
-	-	226,333
-	-	1,299,107
-	100,039,928	266,331,333
-	-	21,972,602
33,458,568	-	87,738,037
33,458,568	-	109,710,639
		52,122,448
33,458,568	376,552,368	1,676,470,373

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity (1)
For the fiscal year ended June 30, 2002

Exhibit I-2

Function and Activity	Governmental Funds Capital Assets July 1, 2001 as restated	Additions	Deletions	Governmental Funds Capital Assets June 30, 2002
General government administration:				
Legislative	\$ 197,830,593	16,269,502	8,301,905	205,798,190
General and financial administration	172,029,153	101,114	1,810,732	170,319,535
Board of Elections	111,805	-	-	111,805
Total general government administration	369,971,551	16,370,616	10,112,637	376,229,530
Judicial administration:				
Courts	1,381,734	521,473	79,163	1,824,044
Commonwealth's Attorney	40,584,675	152,050	99,186	40,637,539
Total judicial administration	41,966,409	673,523	178,349	42,461,583
Public safety:				
Law enforcement	106,572,425	7,674,726	324,694	113,922,457
Fire and rescue services	68,121,501	10,688,817	405,780	78,404,538
Correction and detention	60,601	33,522	-	94,123
Inspections	1,074,166	5,540	-	1,079,706
Other protection	4,093,133	57,442	222,740	3,927,835
Total public safety	179,921,826	18,460,047	953,214	197,428,659
Public works:				
Maintenance of streets, roads and bridges	412,906,133	1,784,096	9,657,931	405,032,298
Sanitation and waste removal	131,878,318	2,269,753	1,014,202	133,133,869
Maintenance of buildings and grounds	4,478,392	960,866	1,985,920	3,453,338
Total public works	549,262,843	5,014,715	12,658,053	541,619,505
Health and welfare:				
Health	57,234,412	9,903,353	3,568,924	63,568,841
Mental health and mental retardation	4,702,561	12,948,368	45,498	17,605,431
Welfare / Social services	9,869,760	265,506	742,862	9,392,404
Total health and welfare	71,806,733	23,117,227	4,357,284	90,566,676
Community development:				
Planning and community development	258,624,773	8,008,747	1,827,627	264,805,893
Environmental management	186,436	39,897	-	226,333
Cooperative extension program	1,299,107	-	-	1,299,107
Total community development	260,110,316	8,048,644	1,827,627	266,331,333
Parks, recreation, and cultural:				
Parks and recreation	21,982,725	36,877	47,000	21,972,602
Library	76,818,496	10,931,119	11,578	87,738,037
Total parks, recreation, and cultural	98,801,221	10,967,996	58,578	109,710,639
Total general fixed assets allocated to functions	1,571,840,899	82,652,768	30,145,742	1,624,347,925
Construction in progress	27,768,043	45,671,964	21,317,559	52,122,448
Total governmental funds capital assets	\$ 1,599,608,942	128,324,732	51,463,301	1,676,470,373

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

Fairfax County Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County in that Public Schools operations are funded primarily by transfers from the County's General Fund and the County issues general obligation debt to fund Public Schools' capital projects.

General Fund is used to account for expenditures to operate, maintain, and support Public Schools' programs. Its primary sources of revenues are Federal and State Aid and transfers from the County's General Fund.

Food and Nutrition Services Fund is a special revenue fund used to account for the procurement, preparation, and serving of student breakfasts, snacks, and lunches. Primary sources of revenues are Federal and State Aid and receipts from food sales.

Grants and Self-Supporting Programs Fund is a special revenue fund used to account for federal, state, non-profit, and private industry grants that support Instructional Services, Student Services, Special Education, and Information Technology.

Adult and Community Education Fund is a special revenue fund used to account for programs pertaining to basic skills education, high school completion, English as a second language, apprenticeship and occupation skills instruction, family literacy, driver education, SAT preparation, and business contracts.

Capital Projects Fund is used to account for the renovation, expansion, new construction of school facilities as authorized by voter referendum and other capital expenditures. Projects are funded primarily by proceeds from the sale of County general obligation bonds.

Central Procurement Fund is an internal service fund used to account for the centrally procured orders of textbooks, supplies, and equipment and their issuance to individual schools and offices.

Health Benefits Trust Fund is an internal service fund used to account for the provision of a comprehensive health insurance benefits program to Public Schools' employees.

Insurance Fund is an internal service fund that is used to account for the Public Schools' casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to Public Schools' employees who sustain occupational injuries.

Pension Trust Fund is used to account for the employee retirement system that provides pension benefits for Public Schools' employees. Public Schools maintains one employee retirement fund: the Educational Employees' Supplementary Retirement Fund.

Student Activity Fund is an agency fund that is used to account for the funds derived from various extracurricular school activities.

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Balance Sheet - Governmental Funds
June 30, 2002

Exhibit J

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 142,856,571	27,914,225	170,770,796
Cash with fiscal agents	-	-	-
Receivables:			
Accounts	6,906,438	124,339	7,030,777
Accrued interest	-	29,838	29,838
Due from intergovernmental units	24,213,860	9,769,675	33,983,535
Due from primary government	6,485,456	81,235	6,566,691
Interfund receivables	5,400,000	-	5,400,000
Inventories of supplies	-	1,357,111	1,357,111
Prepaid items and other assets	-	-	-
Total assets	\$ 185,862,325	39,276,423	225,138,748
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 107,999,584	5,830,868	113,830,452
Contract retainages	-	10,836,156	10,836,156
Interfund payables	-	3,700,000	3,700,000
Deferred revenue	6,703,718	3,066,406	9,770,124
Performance and other deposits	-	-	-
Total liabilities	114,703,302	23,433,430	138,136,732
Fund balances:			
Reserved for:			
Encumbrances	18,080,208	113,908,520	131,988,728
Inventories of supplies	-	1,357,111	1,357,111
Unreserved	53,078,815	(99,422,638)	(46,343,823)
Total fund balances	71,159,023	15,842,993	87,002,016
Total liabilities and fund balances	\$ 185,862,325	39,276,423	225,138,748

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds \$ 87,002,016

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,933,003,145 and accumulated depreciation is \$556,316,397. 1,376,686,748

Some of the Public Schools' receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds. 6,485,456

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 13,641,716

Long-term liabilities related to governmental fund activities are not due and payable in the current period, and therefore, are not reported in the funds. (22,495,744)

Capital lease agreements are not due and payable in the current period and, therefore, are not reported in the funds. (27,680,802)

Net assets of governmental activities \$ 1,433,639,390

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS

Exhibit J-1

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the fiscal year ended June 30, 2002

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 1,430,919,773	171,302,667	1,602,222,440
Charges for services	4,774,265	43,444,567	48,218,832
Revenue from the use of money and property	2,213,320	295,111	2,508,431
Recovered costs	25,950,549	1,078,366	27,028,915
Gifts, donations and contributions	-	451,901	451,901
Other	3,985,530	8,283,031	12,268,561
Total revenues	1,467,843,437	224,855,643	1,692,699,080
EXPENDITURES			
Current - Education	1,400,852,387	116,662,469	1,517,514,856
Capital outlay	38,701,061	182,306,998	221,008,059
Total expenditures	1,439,553,448	298,969,467	1,738,522,915
Excess (deficiency) of revenues over (under) expenditures	28,289,989	(74,113,824)	(45,823,835)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,516,947	25,832,938	27,349,885
Transfers out	(26,101,844)	-	(26,101,844)
Capital leases and installment purchases	22,790,525	649,722	23,440,247
Total other financing sources (uses)	(1,794,372)	26,482,660	24,688,288
Net change in fund balances	26,495,617	(47,631,164)	(21,135,547)
Fund balances, July 1, 2001, as restated	44,663,406	63,620,161	108,283,567
Decrease in reserve for inventories of supplies	-	(146,004)	(146,004)
Fund balances, June 30, 2002	\$ 71,159,023	15,842,993	87,002,016

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - Total governmental funds \$ (21,135,547)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:

Capital outlays	\$ 221,008,059	
Depreciation expense	(54,525,407)	166,482,652

Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year. (1,621,364)

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. (23,440,247)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. (3,081,203)

Internal service funds are used by management to charge the costs of certain internal service funds to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities. (326,762)

Change in net assets of governmental activities \$ 116,877,529

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit J-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,428,296,824	1,431,981,956	1,430,919,773	(1,062,183)
Charges for services	3,693,083	3,693,083	4,774,265	1,081,182
Revenue from the use of money and property	1,336,300	1,336,300	2,213,320	877,020
Recovered costs	25,800,000	25,950,550	25,950,549	(1)
Other	3,511,989	4,356,604	3,985,530	(371,074)
Total revenues	1,462,638,196	1,467,318,493	1,467,843,437	524,944
EXPENDITURES				
Current:				
Education	1,445,607,735	1,492,934,787	1,418,384,288	74,550,499
Total expenditures	1,445,607,735	1,492,934,787	1,418,384,288	74,550,499
Excess (deficiency) of revenues over (under) expenditures	17,030,461	(25,616,294)	49,459,149	75,075,443
OTHER FINANCING SOURCES (USES)				
Transfers in	1,516,947	1,516,947	1,516,947	-
Transfers out	(25,547,408)	(26,101,844)	(26,101,844)	-
Total other financing sources (uses)	(24,030,461)	(24,584,897)	(24,584,897)	-
Net change in fund balance	\$ (7,000,000)	(50,201,191)	24,874,252	75,075,443

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2002

Exhibit J-3

	Special Revenue Funds					
	Food and Nutrition Services	Grants and Self- Supporting Programs	Adult and Community Education	Total Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS						
Equity in pooled cash and temporary investments	\$ 9,256,053	192,940	2,587,361	12,036,354	15,877,871	27,914,225
Cash with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	40,165	84,174	-	124,339	-	124,339
Accrued interest	21,428	-	8,410	29,838	-	29,838
Due from intergovernmental units	506,321	9,241,104	22,250	9,769,675	-	9,769,675
Due from primary government	72,464	8,771	-	81,235	-	81,235
Interfund receivables	-	-	-	-	-	-
Inventories of supplies	1,357,111	-	-	1,357,111	-	1,357,111
Prepaid items and other assets	-	-	-	-	-	-
Total assets	\$ 11,253,542	9,526,989	2,618,021	23,398,552	15,877,871	39,276,423
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 676,379	251,264	52,908	980,551	4,850,317	5,830,868
Contract retainages	-	-	-	-	10,836,156	10,836,156
Interfund payables	-	3,700,000	-	3,700,000	-	3,700,000
Deferred revenue	785,635	2,280,771	-	3,066,406	-	3,066,406
Performance and other deposits	-	-	-	-	-	-
Total liabilities	1,462,014	6,232,035	52,908	7,746,957	15,686,473	23,433,430
Fund balances:						
Reserved for:						
Encumbrances	611,970	640,861	777,017	2,029,848	111,878,672	113,908,520
Inventories of supplies	1,357,111	-	-	1,357,111	-	1,357,111
Unreserved (deficit)	7,822,447	2,654,093	1,788,096	12,264,636	(111,687,274)	(99,422,638)
Total fund balances	9,791,528	3,294,954	2,565,113	15,651,595	191,398	15,842,993
Total liabilities and fund balances	\$ 11,253,542	9,526,989	2,618,021	23,398,552	15,877,871	39,276,423

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS

Exhibit J-4

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the fiscal year ended June 30, 2002

	Special Revenue Funds					
	Food and Nutrition Services	Grants and Self- Supporting Programs	Adult and Community Education	Total Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental	\$ 16,231,458	21,433,678	1,545,786	39,210,922	132,091,745	171,302,667
Charges for services	33,490,251	3,150,056	6,804,260	43,444,567	-	43,444,567
Revenue from the use of money and property	204,183	-	90,928	295,111	-	295,111
Recovered costs	-	-	-	-	1,078,366	1,078,366
Gifts, donations and contributions	451,901	-	-	451,901	-	451,901
Other		1,638,505	15,853	1,654,358	6,628,673	8,283,031
Total revenues	50,377,793	26,222,239	8,456,827	85,056,859	139,798,784	224,855,643
EXPENDITURES						
Current - Education	50,707,728	37,683,910	10,635,309	99,026,947	17,635,522	116,662,469
Capital outlay	128,357	402,893	138,819	670,069	181,636,929	182,306,998
Total expenditures	50,836,085	38,086,803	10,774,128	99,697,016	199,272,451	298,969,467
Deficiency of revenues under expenditures	(458,292)	(11,864,564)	(2,317,301)	(14,640,157)	(59,473,667)	(74,113,824)
OTHER FINANCING SOURCES						
Transfers in	-	11,382,456	1,100,131	12,482,587	13,350,351	25,832,938
Capital leases and installment purchases	-	25,523	-	25,523	624,199	649,722
Total other financing sources	-	11,407,979	1,100,131	12,508,110	13,974,550	26,482,660
Net change in fund balances	(458,292)	(456,585)	(1,217,170)	(2,132,047)	(45,499,117)	(47,631,164)
Fund balances, July 1, 2001	10,395,824	3,751,539	3,782,283	17,929,646	45,690,515	63,620,161
Decrease in reserve for inventories of supplies	(146,004)	-	-	(146,004)	-	(146,004)
Fund balances, June 30, 2002	\$ 9,791,528	3,294,954	2,565,113	15,651,595	191,398	15,842,993

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit J-5a

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 15,561,924	15,546,198	16,231,458	685,260
Charges for services	32,293,319	32,293,319	33,490,251	1,196,932
Gifts, donations and contributions	150,000	150,000	451,901	301,901
Other	510,000	510,000	204,183	(305,817)
Total revenues	48,515,243	48,499,517	50,377,793	1,878,276
EXPENDITURES				
Current:				
Education	50,215,181	51,622,248	50,836,085	786,163
Total expenditures	50,215,181	51,622,248	50,836,085	786,163
Net change in fund balance	\$ (1,699,938)	(3,122,731)	(458,292)	2,664,439

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Grants and Self-Supporting Programs Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit J-5b

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 23,737,005	31,057,830	21,433,678	(9,624,152)
Charges for services	2,518,623	2,824,803	3,150,056	325,253
Other	394,642	1,820,609	1,638,505	(182,104)
Total revenues	26,650,270	35,703,242	26,222,239	(9,481,003)
EXPENDITURES				
Current:				
Education	40,600,441	50,837,237	38,061,280	12,775,957
Total expenditures	40,600,441	50,837,237	38,061,280	12,775,957
Excess (deficiency) of revenues over (under) expenditures	(13,950,171)	(15,133,995)	(11,839,041)	3,294,954
OTHER FINANCING SOURCES				
Transfers in	11,071,821	11,382,456	11,382,456	-
Total other financing sources	11,071,821	11,382,456	11,382,456	-
Net change in fund balance	\$ (2,878,350)	(3,751,539)	(456,585)	3,294,954

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit J-5c

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,525,125	1,820,505	1,545,786	(274,719)
Charges for services	6,902,374	7,070,285	6,804,260	(266,025)
Revenue from the use of money and property	132,000	133,704	90,928	(42,776)
Other	-	8,167	15,853	7,686
Total revenues	8,559,499	9,032,661	8,456,827	(575,834)
EXPENDITURES				
Current:				
Education	9,659,630	13,915,075	10,774,128	3,140,947
Total expenditures	9,659,630	13,915,075	10,774,128	3,140,947
Excess (deficiency) of revenues over (under) expenditures	(1,100,131)	(4,882,414)	(2,317,301)	2,565,113
OTHER FINANCING SOURCES				
Transfers in	1,100,131	1,100,131	1,100,131	-
Total other financing sources	1,100,131	1,100,131	1,100,131	-
Net change in fund balance	\$ -	(3,782,283)	(1,217,170)	2,565,113

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Combining Statement of Net Assets - Internal Service Funds
June 30, 2002

Exhibit J-6

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ 51,430	25,137,426	19,653,181	44,842,037
Accrued interest receivable	-	28,121	-	28,121
Accounts receivable	-	42,914	-	42,914
Inventories and other	3,035,870	-	-	3,035,870
Total current assets	3,087,300	25,208,461	19,653,181	47,948,942
Noncurrent assets - Capital assets:				
Equipment	81,281	-	-	81,281
Accumulated depreciation	(13,343)	-	-	(13,343)
Total noncurrent assets	67,938	-	-	67,938
Total assets	3,155,238	25,208,461	19,653,181	48,016,880
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	279,210	101,688	144,600	525,498
Insurance and benefit claims payable	-	13,086,066	3,926,859	17,012,925
Deferred revenue	-	3,062,241	-	3,062,241
Interfund payables	1,700,000	-	-	1,700,000
Long-term liabilities - Insurance and benefit claims payable				
		-	12,074,500	12,074,500
Total liabilities	1,979,210	16,249,995	16,145,959	34,375,164
NET ASSETS				
Invested in capital assets, net of related debt	67,938	-	-	67,938
Restricted for health insurance program	-	4,286,000	-	4,286,000
Unrestricted	1,108,090	4,672,466	3,507,222	9,287,778
Total net assets	\$ 1,176,028	8,958,466	3,507,222	13,641,716

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS

Exhibit J-7

Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds
For the fiscal year ended June 30, 2002

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
Operating revenues:				
Charges to other funds	\$ 11,220,582	115,108,654	3,527,136	129,856,372
Total operating revenues	11,220,582	115,108,654	3,527,136	129,856,372
Operating expenses:				
Cost of goods sold	11,622,454	-	-	11,622,454
Personnel services	-	401,025	351,159	752,184
Depreciation expense	13,343	-	-	13,343
Claims and benefit payments	-	114,142,766	2,176,632	116,319,398
Professional consultant and contractual services	-	492,208	1,321,024	1,813,232
Total operating expenses	11,635,797	115,035,999	3,848,815	130,520,611
Operating income (loss)	(415,215)	72,655	(321,679)	(664,239)
Nonoperating revenues:				
Interest revenue	-	337,477	-	337,477
Total nonoperating revenues	-	337,477	-	337,477
Income (loss) before operating transfers	(415,215)	410,132	(321,679)	(326,762)
Transfers in	-	268,906	-	268,906
Transfers out	-	-	(1,516,947)	(1,516,947)
Change in net assets	(415,215)	679,038	(1,838,626)	(1,574,803)
Total net assets, July 1, 2001	1,591,243	8,279,428	5,345,848	15,216,519
Total net assets, June 30, 2002	\$ 1,176,028	8,958,466	3,507,222	13,641,716

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Combining Statement of Cash Flows - Internal Service Funds
For the fiscal year ended June 30, 2002

Exhibit J-8

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 11,220,582	115,863,906	3,527,136	130,611,624
Cost of goods sold	(11,199,630)	-	-	(11,199,630)
Payments to employees	-	(401,025)	(351,159)	(752,184)
Claims and benefits paid	-	(110,564,127)	(4,991,539)	(115,555,666)
Payments for professional services	-	(492,208)	(1,321,024)	(1,813,232)
Net cash provided (used) by operating activities	20,952	4,406,546	(3,136,586)	1,290,912
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	268,906	(1,516,947)	(1,248,041)
Net cash provided (used) by noncapital financing activities	-	268,906	(1,516,947)	(1,248,041)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(81,281)	-	-	(81,281)
Net cash used by capital and related financing activities	(81,281)	-	-	(81,281)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	401,380	-	401,380
Net cash provided by investing activities	-	401,380	-	401,380
Net increase (decrease) in cash and cash equivalents	(60,329)	5,076,832	(4,653,533)	362,970
Cash and cash equivalents, July 1, 2001	111,759	20,060,594	24,306,714	44,479,067
Cash and cash equivalents, June 30, 2002	\$ 51,430	25,137,426	19,653,181	44,842,037
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (415,215)	72,655	(321,679)	(664,239)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	13,343	-	-	13,343
Change in assets and liabilities:				
Increase in accounts receivable	-	(19,353)	-	(19,353)
Decrease in interfund receivables	475,774	430,018	-	905,792
Decrease in inventories of supplies	526,216	-	-	526,216
Increase (decrease) in accounts payable and accrued liabilities	20,834	3,148,621	(2,814,907)	354,548
Decrease in interfund payables	(600,000)	-	-	(600,000)
Increase in deferred revenue	-	774,605	-	774,605
Total adjustments to operating income (loss)	436,167	4,333,891	(2,814,907)	1,955,151
Net cash provided (used) by operating activities	\$ 20,952	4,406,546	(3,136,586)	1,290,912

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Fiduciary Net Assets
June 30, 2002

Exhibit J-9

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	Agency Fund - Student Activity Fund
ASSETS		
Cash and cash equivalents	\$ 268,275	-
Cash with fiscal agents	1,712,417	-
Cash in student activity funds	-	13,637,364
Receivables:		
Accounts	68,858,299	493,150
Accrued interest	7,375,560	-
Investments, at fair value	1,561,665,589	-
Inventory	-	194,848
Prepaid items and other assets	52,898	-
Total assets	1,639,933,038	\$ 14,325,362
LIABILITIES		
Accounts payable and accrued liabilities	142,365,027	1,045,042
Liabilities for collateral received under securities lending agreements	128,195,137	-
Due to student groups	-	13,280,320
Total liabilities	270,560,164	\$ 14,325,362
NET ASSETS		
Held in trust for pension benefits	\$ 1,369,372,874	

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Changes in Plan Net Assets - Pension Trust Fund
For the fiscal year ended June 30, 2002

Exhibit J-10

Pension Trust Fund -
Educational
Employees'
Supplementary
Retirement System

ADDITIONS

Contributions:

Employer	\$ 30,849,067
Plan members	18,472,712
Total contributions	<u>49,321,779</u>

Investment income:

Net depreciation in fair value of investments	(112,735,134)
Dividends	49,160,940
Securities lending	2,449,208
Other	<u>418,341</u>
Total investment loss	<u>(60,706,645)</u>

Less investment expenses:

Investment fees and other	6,289,682
Securities lending	<u>2,125,137</u>
Total investment expenses	<u>8,414,819</u>

Net investment loss	<u>(69,121,464)</u>
---------------------	---------------------

Total additions	<u>(19,799,685)</u>
-----------------	---------------------

DEDUCTIONS

Benefits	94,247,498
Refunds of contributions	2,153,958
Administrative expenses	<u>3,190,667</u>
Total deductions	<u>99,592,123</u>

Net decrease	(119,391,808)
--------------	---------------

Net assets, July 1, 2001	<u>1,488,764,682</u>
--------------------------	----------------------

Net assets, June 30, 2002	<u>\$ 1,369,372,874</u>
---------------------------	-------------------------

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Changes in Assets and Liabilities - Agency Fund
For the year fiscal year ended June 30, 2002

Exhibit J-11

	Balances June 30, 2001	Additions	Deductions	Balances June 30, 2002
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 12,608,522	38,045,250	37,016,408	13,637,364
Accrued interest receivable	458,985	34,165	-	493,150
Inventories of supplies	155,749	39,099	-	194,848
Total assets	13,223,256	38,118,514	37,016,408	14,325,362
Liabilities:				
Accounts payable and accrued liabilities	1,218,604	-	173,562	1,045,042
Due to student groups	12,004,652	1,275,668	-	13,280,320
Total liabilities	\$ 13,223,256	1,275,668	173,562	14,325,362

The **Fairfax County Redevelopment and Housing Authority** (FCRHA) is responsible for low income housing and community development programs within the County. FCRHA was approved by a voter referendum in November 1965 and was activated by the County Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The County Board of Supervisors appoints the FCRHA Board of Commissioners and the County provides certain managerial and other related assistance to FCRHA.

Primary Government represents FCRHA's use of an enterprise fund to report its activities. FCRHA activities are funded by federal grants from the U.S. Department of Housing and Urban Development (HUD), rents, and other user charges resulting from operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant assistance, community development, and administration of these programs.

Component Units are real estate limited partnerships of FCRHA. FCRHA is the managing general partner and has certain rights which enable it to impose its will on the limited partnerships. FCRHA is legally obligated to fund operating deficits, making FCRHA financially accountable for the partnerships.

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
Statement of Net Assets
June 30, 2002

Exhibit K

	Primary Government	Component Units	Total Reporting Entity
ASSETS			
Equity in pooled cash and temporary investments	\$ 20,372,282	-	20,372,282
Cash in banks	1,818,891	5,037,690	6,856,581
Receivables (net of allowances):			
Accounts	1,737,551	208,117	1,945,668
Accrued interest	39,293	8,044	47,337
Notes	6,814,090	-	6,814,090
Mortgages	56,202	-	56,202
Other	1,653,470	-	1,653,470
Prepaid items and other assets	215,295	387,158	602,453
Restricted assets:			
Certificates of deposit - performance bonds	275,331	448,657	723,988
Cash with fiscal agents	5,393,109	2,050,950	7,444,059
Investments	2,693,421	-	2,693,421
Land held for sale	4,599,973	-	4,599,973
Capital assets:			
Non-depreciable:			
Land	23,646,815	6,451,651	30,098,466
Construction in progress	10,942,126	-	10,942,126
Depreciable:			
Equipment	1,900,166	450,905	2,351,071
Buildings and improvements	97,394,539	49,054,396	146,448,935
Accumulated depreciation	(52,490,798)	(9,908,256)	(62,399,054)
Total assets	127,061,756	54,189,312	181,251,068
LIABILITIES			
Accounts payable and accrued liabilities	2,182,266	4,783,458	6,965,724
Due to primary government	1,591,703	-	1,591,703
Deferred revenue	3,118,136	70,907	3,189,043
Performance and other deposits	816,690	284,616	1,101,306
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	297,153	-	297,153
Compensated absences	382,174	-	382,174
Notes payable	4,485,569	2,005,741	6,491,310
Other	124,057	-	124,057
Portion due or payable after one year:			
Bonds payable	11,675,225	-	11,675,225
Compensated absences	458,037	-	458,037
Notes payable	29,522,157	31,683,871	61,206,028
Other	1,678,785	-	1,678,785
Total liabilities	56,331,952	38,828,593	95,160,545
NET ASSETS			
Invested in capital assets, net of related debt	38,017,430	12,359,084	50,376,514
Restricted for housing	8,086,530	2,499,607	10,586,137
Unrestricted	24,625,844	502,028	25,127,872
Total net assets	\$ 70,729,804	15,360,719	86,090,523

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Assets
For the fiscal year ended June 30, 2002

Exhibit K-1

	Primary Government	Component Units	Total Reporting Entity
Operating revenues:			
Dwelling rentals	\$ 9,980,303	4,405,756	14,386,059
Other	2,881,458	553,569	3,435,027
Total operating revenues	12,861,761	4,959,325	17,821,086
Operating expenses:			
Personnel services	7,386,997	989,916	8,376,913
Materials and supplies	3,867,479	1,289,842	5,157,321
Repairs and maintenance	2,137,502	1,239,062	3,376,564
Housing assistance payments	25,776,185	-	25,776,185
Depreciation and amortization	3,483,960	1,660,950	5,144,910
Contractual services	1,229,689	77,338	1,307,027
Utilities	1,714,357	706,865	2,421,222
Total operating expenses	45,596,169	5,963,973	51,560,142
Operating loss	(32,734,408)	(1,004,648)	(33,739,056)
Nonoperating revenues (expenses):			
Intergovernmental revenue	32,528,288	-	32,528,288
Interest revenue	843,474	132,699	976,173
Interest expense	(2,536,228)	(1,253,155)	(3,789,383)
Total nonoperating revenues (expenses)	30,835,534	(1,120,456)	29,715,078
Loss before contributions	(1,898,874)	(2,125,104)	(4,023,978)
Capital contributions:			
Investor capital contributions	-	3,436,762	3,436,762
HUD debt service contributions	239,205	-	239,205
HUD capital contributions	1,774,442	-	1,774,442
Total capital contributions	2,013,647	3,436,762	5,450,409
Change in net assets	114,773	1,311,658	1,426,431
Total net assets, July 1, 2001	70,615,031	14,049,061	84,664,092
Total net assets, June 30, 2002	\$ 70,729,804	15,360,719	86,090,523

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
Statement of Cash Flows
For the fiscal year ended June 30, 2002

Exhibit K-2

	Primary Government	Component Units	Total Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 10,224,073	4,312,812	14,536,885
Management fee receipts	811,948	-	811,948
Developer fee receipts	217,787	-	217,787
Other operating cash receipts	3,318,805	594,298	3,913,103
Payments to employees for services	(7,397,828)	(989,916)	(8,387,744)
Payments made for housing assistance	(25,776,185)	-	(25,776,185)
Payments to suppliers for goods and services	(9,872,239)	(3,280,937)	(13,153,176)
Net cash provided (used) by operating activities	(28,473,639)	636,257	(27,837,382)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	32,528,288	-	32,528,288
Net cash provided by noncapital financing activities	32,528,288	-	32,528,288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(4,966,477)	(6,735,730)	(11,702,207)
Capital contributions	-	3,436,761	3,436,761
Proceeds from issuance of debt	4,575,000	6,542,198	11,117,198
Interest payments	(2,608,585)	(1,274,942)	(3,883,527)
Debt principal payments	(3,660,056)	(1,780,487)	(5,440,543)
Intergovernmental revenue received	1,932,140	-	1,932,140
Net cash provided (used) by capital and related financing activities	(4,727,978)	187,800	(4,540,178)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	4,163,443	-	4,163,443
Disbursement of loans and advances receivable	(581,098)	-	(581,098)
Maturity of investments	2,299,803	-	2,299,803
Acquisition of investments	(2,693,421)	-	(2,693,421)
Interest received	893,142	132,699	1,025,841
Net cash provided by investing activities	4,081,869	132,699	4,214,568
Net increase in cash and cash equivalents	3,408,540	956,756	4,365,296
Cash and cash equivalents, July 1, 2001	24,451,073	6,580,541	31,031,614
Cash and cash equivalents, June 30, 2002	\$ 27,859,613	7,537,297	35,396,910
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (32,734,408)	(1,004,648)	(33,739,056)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation and amortization	3,483,960	1,660,950	5,144,910
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	1,254,905	(99,903)	1,155,002
(Increase) in prepaid items and other assets	(131,950)	(5,224)	(137,174)
(Increase) decrease in accounts payable and accrued liabilities	(802,093)	37,394	(764,699)
Increase in performance and other deposits	96,753	40,729	137,482
Increase in deferred revenue	359,194	6,959	366,153
Total adjustments to operating loss	4,260,769	1,640,905	5,901,674
Net cash provided (used) by operating activities	\$ (28,473,639)	636,257	(27,837,382)

The **Fairfax County Park Authority** (Park Authority) was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's Board members, and a substantial portion of the cost of the Park Authority's operations are funded by the County.

General Fund (Financed from County General Fund) is used to account for the operations of the park facilities that are funded by the County.

Park Revenue Fund is a special revenue fund used to account for the operations of the park facilities that are funded from park operating revenues.

Financed from County Construction Fund is a capital projects fund used to account for specific maintenance projects for park facilities that are funded by the County's Construction Fund.

Park Construction Bond Fund is a capital projects fund used to account for all construction projects and capital improvements of the Park Authority financed by County general obligation bonds.

Park Capital Improvement Fund is a capital projects fund used to account for all Park Authority construction projects and capital improvements financed through interest earned and transfers from the Park Revenue Fund.

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PARK AUTHORITY
Balance Sheet
June 30, 2002

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ -	2,877,487	-
Receivables:			
Accounts	-	37,469	-
Accrued interest	-	942	-
Due from primary government	1,005,946	-	248,176
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	2,121,653	-
Total assets	\$ 1,005,946	5,037,551	248,176
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,005,946	990,206	242,428
Contract retainages	-	-	5,748
Deferred revenue	-	2,065,522	-
Performance and other deposits	-	98,068	-
Total liabilities	1,005,946	3,153,796	248,176
Fund balances:			
Reserved for:			
Encumbrances	-	28,107	294,566
Certain capital projects	-	-	-
Debt service	-	2,121,653	-
Repair and replacement	-	1,000,000	-
Unreserved (deficit)	-	(1,266,005)	(294,566)
Total fund balances	-	1,883,755	-
Total liabilities and fund balances	\$ 1,005,946	5,037,551	248,176

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance - Total governmental funds \$ 14,096,255

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$443,693,856 and the accumulated depreciation is \$95,189,281. 348,504,575

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds Payable	\$ (12,745,717)	
Notes Payable	(16,064,972)	
Compensated Absences Payable	(3,673,191)	
Other	(268,514)	(32,752,394)

Net assets of governmental activities \$ 329,848,436

Exhibit L

Capital Projects Funds

Park Construction Bond	Park Capital Improvement	Total Governmental Funds
712,569	13,673,928	17,263,984
-	-	37,469
-	7,074	8,016
-	-	1,254,122
1,294,473	-	1,294,473
-	-	2,121,653
2,007,042	13,681,002	21,979,717
625,918	207,697	3,072,195
86,651	51,982	144,381
-	2,497,710	4,563,232
-	5,586	103,654
712,569	2,762,975	7,883,462
2,108,955	452,420	2,884,048
1,294,473	-	1,294,473
-	-	2,121,653
-	765,625	1,765,625
(2,108,955)	9,699,982	6,030,456
1,294,473	10,918,027	14,096,255
2,007,042	13,681,002	21,979,717

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PARK AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended June 30, 2002

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 24,893,639	-	3,283,294
Charges for services	2,705,864	23,904,558	19,784
Revenue from the use of money and property	-	2,130,624	-
Gifts, donations and contributions	-	199,305	-
Other	-	168,741	-
Total revenues	27,599,503	26,403,228	3,303,078
EXPENDITURES			
Current - Parks, recreation and cultural	27,348,199	23,586,784	3,303,078
Capital outlay	251,304	237,846	-
Debt service:			
Principal retirement	-	330,000	-
Interest and other charges	-	1,157,876	-
Total expenditures	27,599,503	25,312,506	3,303,078
Excess (deficiency) of revenues over (under) expenditures	-	1,090,722	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(1,379,575)	-
Proceeds from sale of refunding bonds	-	12,915,870	-
Proceeds from issuance of revenue notes	-	16,064,972	-
Retirements of revenue notes	-	(16,064,972)	-
Payments to refunded bond escrow agent	-	(12,615,112)	-
Total other financing sources (uses)	-	(1,078,817)	-
Net change in fund balances	-	11,905	-
Fund balances, July 1, 2001, as restated	-	1,871,850	-
Fund balances, June 30, 2002	\$ -	1,883,755	-

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - Total governmental funds

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:

Capital outlays	\$ 14,341,180
Depreciation expense	(6,123,937)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. This transaction does not, however, have any effect on net assets.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Payments to refunded bond escrow agent	\$ 12,615,112
Proceeds from sale of refunding bonds	(12,915,870)
Proceeds from issuance of revenue notes	(16,064,972)
Retirement of revenue notes	16,064,972
Compensated absences	(255,769)
Interest	(16,297)

Change in net assets of governmental activities

Exhibit L-1

Capital Projects Funds

Park Construction Bond	Park Capital Improvement	Total Governmental Funds
8,000,000	7,000	36,183,933
-	5,205	26,635,411
-	423,403	2,554,027
-	504,435	703,740
-	481,361	650,102
8,000,000	1,421,404	66,727,213
509,862	549,527	55,297,450
10,812,804	3,039,226	14,341,180
-	-	330,000
-	-	1,157,876
11,322,666	3,588,753	71,126,506
(3,322,666)	(2,167,349)	(4,399,293)
-	1,379,575	1,379,575
-	-	(1,379,575)
-	-	12,915,870
-	-	16,064,972
-	-	(16,064,972)
-	-	(12,615,112)
-	1,379,575	300,758
(3,322,666)	(787,774)	(4,098,535)
4,617,139	11,705,801	18,194,790
1,294,473	10,918,027	14,096,255

\$ (4,098,535)

8,217,243

84,209,346

330,000

(572,824)

\$ 88,085,230

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PARK AUTHORITY

Exhibit L-2a

Budgetary Comparison Schedule - General Fund (Financed by County General Fund) (Budget Basis)
For the fiscal year ended June 30, 2002

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 21,069,211	20,843,787	21,174,502	330,715
Charges for services	3,077,783	3,077,783	2,705,864	(371,919)
Total revenues	24,146,994	23,921,570	23,880,366	(41,204)
EXPENDITURES				
Current:				
Parks, recreation and cultural	24,146,994	23,921,570	23,880,366	41,204
Total expenditures	24,146,994	23,921,570	23,880,366	41,204
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY PARK AUTHORITY
Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)
For the fiscal year ended June 30, 2002

Exhibit L-2b

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 25,361,504	26,251,472	23,904,558	(2,346,914)
Revenue from the use of money and property	180,000	180,000	2,299,365	2,119,365
Gifts, donations and contributions	100,000	100,000	199,305	99,305
Total revenues	25,641,504	26,531,472	26,403,228	(128,244)
EXPENDITURES				
Current:				
Parks, recreation and cultural	24,991,283	25,445,159	25,312,506	132,653
Total expenditures	24,991,283	25,445,159	25,312,506	132,653
Excess of revenues over expenditures	650,221	1,086,313	1,090,722	4,409
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,379,575)	(1,379,575)	-
Payments to refunded bond escrow agent	-	(13,015,000)	(12,615,112)	399,888
Proceeds from issuance of revenue notes	-	13,015,000	12,915,870	(99,130)
Total other financing sources (uses)	-	(1,379,575)	(1,078,817)	300,758
Net change in fund balance	\$ 650,221	(293,262)	11,905	305,167



The **Fairfax County Economic Development Authority (EDA)** provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors. The County Board of Supervisors appoints the seven members of EDA's Commission. The Board also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund) is used to account for the operations of the EDA, all of which are funded by the County.

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Balance Sheet
June 30, 2002

Exhibit M

		General Fund (Financed from County General Fund)
ASSETS		
Due from primary government	\$	103,822
Total assets	\$	103,822
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$	103,822
Total liabilities		103,822
Fund balance:		
Unreserved		-
Total liabilities and fund balance	\$	103,822

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance - General Fund \$ -

Amounts reported for governmental activities in the statement of net assets
are different because :

Capital Assets used in governmental activities are not financial resources and
therefore are not reported as assets in governmental funds. The cost of
the assets is \$7,002 and the accumulated depreciation is \$4,201. 2,801

Long-term liabilities, including compensated absences, are not
due and payable in the current period and, therefore, are not
reported in the funds. (129,974)

Net assets of governmental activities \$ (127,173)

COUNTY OF FAIRFAX, VIRGINIA
FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance
For the fiscal year ended June 30, 2002

Exhibit M-1

	General Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	\$ 7,297,001
Total revenues	<u>7,297,001</u>
EXPENDITURES	
Current:	
Community development	<u>7,297,001</u>
Total expenditures	<u>7,297,001</u>
Excess of revenues over expenditures	-
Fund balance, July 1, 2001	-
Fund balance, June 30, 2002	<u>\$ -</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Net change in fund balance - General Fund \$ -

Amounts reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Depreciation expense	\$ (1,400)	
Change in liability for compensated absences	<u>5,974</u>	<u>4,574</u>
Change in net assets of governmental activities		<u>\$ 4,574</u>

COUNTY OF FAIRFAX, VIRGINIA

Exhibit M-2

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**Budgetary Comparison Schedule - General Fund (Financed from the County General Fund) (Budget Basis)****For the fiscal year ended June 30, 2002**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,837,644	6,895,762	6,895,759	(3)
Total revenues	6,837,644	6,895,762	6,895,759	(3)
EXPENDITURES				
Current:				
Community development	6,837,644	6,895,762	6,895,759	3
Total expenditures	6,837,644	6,895,762	6,895,759	3
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA**TABLE 1 - Expenditures by Function (1)****Last Ten Fiscal Years**

	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Community Development (2)	Parks, Recreation and Cultural (2)
1993	\$ 48,935,071	13,261,708	154,759,631	130,680,417	160,318,685	46,782,145	42,458,078
1994	52,570,488	14,297,233	162,207,761	134,699,527	187,470,021	71,555,454	59,979,879
1995	61,484,888	15,476,561	180,908,284	136,158,531	228,820,048	80,886,451	64,810,822
1996	72,338,728	17,498,901	189,685,237	140,348,137	246,922,478	102,644,316	68,076,905
1997	73,355,323	18,170,437	195,088,737	131,821,568	249,617,680	96,206,763	69,173,866
1998	77,592,551	18,652,509	211,191,952	122,113,299	253,316,305	113,045,023	74,765,464
1999	81,323,563	19,502,814	229,816,356	113,140,139	269,742,281	139,636,159	82,555,420
2000	87,400,231	21,408,526	256,155,919	125,478,465	300,328,090	98,045,302	88,215,577
2001	84,251,292	24,162,805	289,032,001	138,490,277	314,452,758	112,351,665	96,707,464
2002	99,226,761	30,852,713	379,379,556	144,649,708	365,542,786	128,799,857	114,921,161

Source: Fairfax County Department of Finance.

(1) Includes expenditures of all governmental fund types of the reporting entity.

(2) Excludes, commencing in fiscal year 2002, amounts previously reported as transfers out to component units.

(3) Commencing in fiscal year 2002, the reporting entity has allocated non-departmental expenditures to functions.

COUNTY OF FAIRFAX, VIRGINIA**TABLE 2 - Revenues by Source (1)****Last Ten Fiscal Years**

	Taxes	Permits, Privilege Fees, and Regulatory Licenses	Inter- governmental (3)	Charges for Services	Fine and Forfeitures	Developers' Contributions	Revenue from the Use of Money and Property
1993	\$ 1,252,118,718	27,160,629	284,613,750	138,079,851	4,955,202	1,231,448	30,131,483
1994	1,277,222,097	28,461,668	322,060,050	156,827,843	5,351,809	2,093,084	36,258,060
1995	1,323,668,244	28,798,269	365,494,857	168,962,319	6,207,675	3,001,865	61,311,963
1996	1,381,702,595	30,544,252	403,295,975	169,369,957	6,751,974	2,772,366	65,678,810
1997	1,491,735,145	34,075,400	443,487,660	175,929,826	7,213,398	3,024,791	70,955,474
1998	1,548,908,361	37,128,657	447,284,672	169,239,295	7,413,004	2,126,357	77,574,033
1999	1,640,594,459	43,044,787	497,729,760	177,170,856	7,140,533	5,197,532	73,166,683
2000	1,690,371,422	43,835,560	594,883,235	183,353,397	7,579,871	5,501,616	67,771,505
2001	1,785,431,379	39,535,467	706,200,146	190,444,150	9,116,533	5,276,379	76,040,506
2002	1,898,192,584	36,939,184	841,101,954	205,364,155	10,318,703	6,187,626	39,178,410

Source: Fairfax County Department of Finance.

(1) Includes revenues of all governmental fund types of the reporting entity.

(2) These figures include local matching grants, gifts, donations, and contributions, and other items.

(3) Excludes, commencing in fiscal year 2002, amounts previously reported as transfers in from the primary government.

Education (2)	Non-Departmental (3)	Capital Outlay	Debt Service	Total Reporting Entity
842,762,368	83,943,513	163,986,365	127,019,560	1,814,907,541
916,648,072	88,497,262	291,516,005	141,130,820	2,120,572,522
956,214,162	90,727,035	187,231,760	147,155,807	2,149,874,349
976,215,923	97,494,046	141,514,788	181,385,523	2,234,124,982
1,059,379,209	97,491,772	208,574,458	177,119,755	2,375,999,568
1,143,993,182	97,667,906	178,758,018	177,195,440	2,468,291,649
1,192,010,103	96,500,551	183,701,244	184,024,545	2,591,953,175
1,335,403,311	106,035,082	208,760,079	186,215,917	2,813,446,499
1,448,608,572	120,881,858	197,888,483	194,367,320	3,021,194,495
1,517,514,856	-	336,957,039	209,166,130	3,327,010,567

Recovered Costs	Other Income (2)	Total Reporting Entity
21,344,963	6,841,819	1,766,477,863
22,267,003	11,019,346	1,861,560,960
25,735,925	12,294,442	1,995,475,559
24,920,359	12,081,793	2,097,118,081
25,108,402	15,466,933	2,266,997,029
25,787,015	15,558,990	2,331,020,384
29,704,720	17,269,898	2,491,019,228
30,608,575	20,311,314	2,644,216,495
34,337,279	26,576,035	2,872,957,874
36,038,398	27,597,649	3,100,918,663

COUNTY OF FAIRFAX, VIRGINIA

TABLE 3 - Real and Personal Property Tax Levies and Collections (1)

Last Ten Fiscal Years

	Total Tax Levy	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collected	Total Tax Collections (4)	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes (3)	Outstanding Delinquent Taxes as a Percent of Current Levy
1993	\$ 1,019,270,623	\$ 1,007,987,360	98.89 %	\$ 13,725,571	\$ 1,021,712,931	100.24 %	\$ 27,324,800	2.7 %
1994	1,025,806,775	1,013,349,577	98.79	18,224,465	1,031,574,042	100.56	24,410,489	2.4
1995	1,058,499,590	1,048,276,460	99.03	12,999,865	1,061,276,325	100.26	17,386,036	1.6
1996	1,103,903,127	1,095,762,242	99.26	11,490,106	1,107,252,348	100.30	16,386,542	1.5
1997	1,203,645,063	1,195,311,803	99.31	6,479,062	1,201,790,865	99.85	14,417,247	1.2
1998	1,250,521,158	1,241,128,550	99.25	1,266,726	1,242,395,276	99.35	22,546,335	1.8
1999	1,308,121,856	1,299,200,665	99.32	12,088,313	1,311,288,978	100.24	22,184,966	1.7
2000	1,394,627,491	1,385,238,528	99.33	13,794,529	1,399,033,057	100.32	18,113,388	1.3
2001	1,524,861,295	1,512,566,783	99.19	10,745,651	1,523,312,434	99.90	18,664,827	1.2
2002	1,705,787,558	1,690,398,063	99.10	14,269,185	1,704,667,248	99.93	20,072,737	1.2

Source: Fairfax County Department of Management and Budget, Department of Finance and the Department of Tax Administration.

(1) General Fund.

(2) Current tax collections include collection of current tax, penalty, and interest.

(3) Outstanding delinquent taxes include penalty and interest net of allowances for uncollectibles.

(4) Tax collections include payments received from the Commonwealth of Virginia under its personal property tax-relief program.

See Note C to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 4 - Assessed Value and Estimated Actual Value of All Taxable Property

Last Ten Fiscal Years

(\$ in thousands)

Assessed Values					
	Real Property (1)	Personal Property	Public Service Corporations	Total	Estimated Actual Value
1993	\$ 67,192,500	5,641,200	1,813,000	74,646,700	74,646,700
1994	66,381,500	6,070,300	1,943,600	74,395,400	74,395,400
1995	66,912,100	6,775,400	2,015,200	75,702,700	75,702,700
1996	68,647,300	7,539,300	1,968,500	78,155,100	78,155,100
1997	70,510,800	8,257,400	2,085,700	80,853,900	80,853,900
1998	72,507,700	8,620,700	2,343,000	83,471,400	83,471,400
1999	75,500,700	9,070,800	2,515,200	87,086,700	87,086,700
2000	80,225,000	9,885,000	2,582,600	92,692,600	92,692,600
2001	87,334,100	10,820,500	2,893,900	101,048,500	101,048,500
2002	99,172,800	11,586,200	3,042,300	113,801,300	113,801,300

Source: Fairfax County Department of Management and Budget and the Department of Tax Administration.

(1) Pursuant to the Code of Virginia, all real property assessments are required to be made

at 100 percent of estimated actual value.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 5 - General Property Tax Rates
Last Ten Fiscal Years

		Real Estate	Personal Property		
			Most Vehicles	Machinery, Tools and R&D	Public Service Corporations
1993	\$	1.16	4.57	4.57	1.16
1994		1.16	4.57	4.57	1.16
1995		1.16	4.57	4.57	1.16
1996		1.16	4.57	4.57	1.16
1997		1.23	4.57	4.57	1.23
1998		1.23	4.57	4.57	1.23
1999		1.23	4.57	4.57	1.23
2000		1.23	4.57	4.57	1.23
2001		1.23	4.57	4.57	1.23
2002		1.23	4.57	4.57	1.23

Source: Fairfax County Department of Tax Administration.
Note: Real estate and personal property tax rates are based on \$100 of assessed value.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 6 - Real Property Tax Rates and Tax Levies - All Overlapping Governments
Last Ten Fiscal Years

		Town of Herndon		Town of Vienna	
		Tax Rates (1)	Tax Levies	Tax Rates (1)	Tax Levies
1993	\$	0.32	4,108,772	0.30	3,797,220
1994		0.32	3,875,869	0.30	3,779,010
1995		0.32	3,832,983	0.30	3,779,010
1996		0.32	4,054,577	0.30	3,943,906
1997		0.32	4,308,590	0.31	4,192,373
1998		0.32	4,584,304	0.31	4,271,557
1999		0.32	5,219,698	0.31	4,465,739
2000		0.32	5,774,217	0.31	4,791,464
2001		0.32	5,754,853	0.31	4,636,899
2002		0.32	6,666,897	0.29	5,821,396

Source: The Town of Herndon and the Town of Vienna.
(1) Real property tax rates are levied per \$ 100 of assessed value.

COUNTY OF FAIRFAX, VIRGINIA**TABLE 7 - Principal Real Estate Taxpayers****June 30, 2002**

Rank	Taxpayer Name	Property Type	2002 Assessed Value (1)	% of Total Assessed Value
1	West Group Properties, LLC	Various Offices, Retail, Industrial and Land	\$ 598,754,600	0.52 %
2	Lehndorff Tysons Property	Tysons Corner Mall	457,011,200	0.40
3	Prentiss Properties	Office and Land	353,156,590	0.31
4	Dominion Virginia Power	Public Utility	321,162,457	0.28
5	Franconia Two LP	Springfield Mall	240,066,065	0.21
6	Fairfax Company	Fair Oaks Mall	234,776,440	0.20
7	Smith Property Holdings	Various Commercial	230,599,185	0.20
8	California State Teachers	Office and Apartments	218,282,950	0.19
9	EOP Reston Town Center	Office, Shopping Center and Land	201,989,070	0.18
10	Mobil Oil Corp	Headquarter Office and Various Commercial	195,022,480	0.17
11	Gannett Company Inc.	Office	184,116,395	0.16
12	Washington Gas Light Company	Public Utility	181,188,793	0.16
13	West Mac Associates	Various Offices and Land	177,916,910	0.15
14	Plaza America Office	Office and Land	174,107,470	0.15
15	PS Business Parks LP	Various Offices and Land	160,966,130	0.14
16	Writ LP	Office, Apartments, Industrial and Shopping Centers	151,047,860	0.13
17	Avalon Properties Inc	Apartments	145,120,965	0.13
18	Summit Properties	Apartments and Land	144,949,710	0.13
19	Boston Properties LP	Various Offices and Land	138,437,545	0.12
20	Navy Federal Credit Union	Various Offices and Land	129,994,350	0.11
21	Springfield Campus LLC	Continuing Care Retirement Community	127,477,555	0.11
22	The Mitre Corporation	Office	126,450,870	0.11
23	Greensboro Center LP	Office	106,592,535	0.09
24	Fairfax Square Partners	Office and Retail	106,194,020	0.09
25	Alder Branch Lincoln LLC	Apartments	103,697,390	0.09
			<u>\$ 5,209,079,535</u>	<u>4.53 %</u>

Source: Fairfax County Department of Tax Administration

(1) Assessed values as of January 1, 2002

Note: Total assessed value of all property is \$114,902,589,425.

COUNTY OF FAIRFAX, VIRGINIA**TABLE 8 - Computation of Debt Margin****June 30, 2002**

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness which Fairfax County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's long-term debt should not exceed three percent of the total market value of taxable real and personal property in the County and the annual debt service should not exceed ten percent of the annual combined general fund expenditures and transfers. Below is the computation of the self-imposed three percent debt limit. The computation of the annual debt service percentage is presented in Table 10.

Self-imposed debt limit:

Three percent of total market value of taxable real and personal property (\$113,801,300,000) \$ 3,414,039,000

Less net bonded debt (1) 1,657,818,600Debt margin \$ 1,756,220,400

Source: Fairfax County Department of Management and Budget and Department of Finance.

(1) Excludes self-imposed debt of the Integrated Sewer System, special assessment debt of the Small District 1 in the Dranesville District (McLean Community Center) and the Fairfax County EDA and FCRHA lease revenue bonds, which are not general obligations of Fairfax County.

COUNTY OF FAIRFAX, VIRGINIA**TABLE 9 - Comparative Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property
and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

	Estimated Population (1)	Value of Taxable Property (000)	Net Bonded Debt (2)	Percentage of Net Bonded Debt to Property Value	Net Debt Per Capita
1993	851,900	\$ 74,646,700	\$1,010,513,523	1.35 %	\$ 1,186
1994	863,100	74,395,400	1,110,177,500	1.49	1,286
1995	879,400	75,702,700	1,136,368,575	1.50	1,292
1996	899,700	78,155,100	1,167,504,650	1.49	1,298
1997	912,100	80,853,900	1,219,735,725	1.51	1,337
1998	931,500	83,471,400	1,258,171,800	1.51	1,351
1999	946,400	87,086,700	1,314,377,875	1.51	1,389
2000	969,700	92,692,600	1,380,266,450	1.49	1,423
2001	984,400	101,048,500	1,442,682,525	1.43	1,466
2002 (estimate)	999,600	113,801,300	1,657,818,600	1.46	1,658

Source: Fairfax County Department of Management and Budget.

(1) Source: Fairfax County Department of Systems Management for Human Services, Research, Analysis and Project Services, 1998 estimate. 1999 projection; U.S. Bureau of Census, 1990 Decennial Census.

(2) For fiscal years 1993 to 2001, excludes self-supported debt of the Integrated Sewer System, special assessment debt of the Small District 1 of the Dranesville District (McLean Community Center) and Small District 5 of the Centreville and Dranesville Districts (Reston Community Center), and the Fairfax County EDA and FCRHA lease revenue bonds, which are not general obligation bonds of Fairfax County. Commencing in fiscal year 2002, includes special assessment debt for the community centers.

COUNTY OF FAIRFAX, VIRGINIA**TABLE 10 - Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to
General Fund Expenditures and Operating Transfers Out and to Total Expenditures Reported in Table 1
Last Ten Fiscal Years**

	Debt Service Requirements (1)	General Fund Expenditures (2) and Operating Transfers Out (3)	Percentage of Debt Service to General Fund Expenditures and Transfers Out	Total Expenditures Reported in Table 1	Percentage of Debt Service to Total Expenditures Reported in Table 1
1993	\$ 124,683,326	\$ 1,357,105,721	9.2 %	\$ 1,814,907,541	6.9 %
1994	129,675,197	1,394,808,186	9.3	2,120,572,522	6.1
1995	132,902,278	1,487,080,719	8.9	2,149,874,349	6.2
1996	142,754,018	1,602,457,378	8.9	2,234,124,982	6.4
1997	152,571,474	1,682,606,121	9.1	2,375,999,568	6.4
1998	162,970,744	1,756,990,140	9.3	2,468,291,649	6.6
1999	162,622,554	1,849,587,185	8.8	2,591,953,175	6.3
2000	176,004,197	1,982,577,128	8.9	2,813,446,499	6.3
2001	183,740,487	2,148,334,971	8.6	3,021,194,495	6.1
2002	190,097,946	2,292,016,724	8.3	3,327,010,567	5.7

Source: Fairfax County Department of Management and Budget and Department of Finance.

(1) Exclude bond issuance and other expenditures recorded in the Debt Service Funds.

(2) Expenditures exclude donated food and capital leases and installment purchases in the year initiated.

(3) Include operating transfers out to component units which, commencing in fiscal year 2002, are reported as functional expenditures.

COUNTY OF FAIRFAX, VIRGINIA

Table 11 - Computation of Direct and Overlapping and Underlying Debt
June 30, 2002

	Net Debt Outstanding	Applicable to County	County's Share of Debt
Direct: (1)			
Fairfax County	\$ 1,657,818,600	100 %	\$ 1,657,818,600
Overlapping: (2)			
Commonwealth of Virginia (3)	86,635,000	47 (4)	40,718,450
Underlying: (2)			
Town of Vienna (5)	18,355,000	100	18,355,000
Town of Herndon (6)	15,850,000	100	15,850,000
Small District One of the Dranesville District (McLean Community Center)	525,000	100	525,000
Total overlapping and underlying debt			75,448,450
Total direct and overlapping and underlying debt			\$ 1,733,267,050

(1) Excludes Fairfax County Integrated Sewer System debt, which is self-supported, and the Fairfax County EDA and FCRHA lease revenue bonds, which are not general obligations bonds of Fairfax County.

(2) These overlapping and underlying general obligation bonds are obligations for the respective governmental units and are not general obligations of Fairfax County.

(3) Source: Virginia Department of Transportation.

(4) Percentage applicable to the County of 47% is an estimate based on the projected development of Route 28 to the year 2018.

(5) Source: Town of Vienna.

(6) Source: Town of Herndon.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 12 - Schedule of Revenue Bond Coverage for the Integrated Sewer System
Last Ten Fiscal Years

	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage	
				Senior Bonds (3)	Subordinated Bonds (4)	Total	Senior Bonds	Total Bonds
1993	\$ 83,820,957	52,794,080	31,026,877	8,728,495	3,492,417	12,220,912	3.55	2.54
1994	86,183,720	57,737,736	28,445,984	8,216,350	3,496,723	11,713,073	3.46	2.43
1995	97,917,413	59,538,513	38,378,900	7,695,805	4,270,832	11,966,637	4.99	3.21
1996	109,058,784	58,270,673	50,788,111	7,396,517	5,235,431	12,631,948	6.87	4.02
1997	105,416,237	57,201,355	48,214,882	13,313,036	8,184,018	21,497,054	3.62	2.24
1998	111,467,716	57,941,548	53,526,168	13,531,966	9,918,468	23,450,434	3.96	2.28
1999	122,445,443	57,711,690	64,733,753	14,808,956	12,096,830	26,905,786	4.37	2.41
2000	122,197,316	57,617,735	64,579,581	13,170,134	13,545,764	26,715,898	4.90	2.42
2001	122,904,982	61,787,120	61,117,862	13,406,258	14,901,320	28,307,578	4.56	2.16
2002	117,377,483	68,664,799	48,712,684	13,289,028	17,314,453	30,603,481	3.67	1.59

Source: Fairfax County Department of Finance.

(1) Gross revenues include all revenues except grants and donated assets.

(2) Operating expenses do not include depreciation, amortization, and interest.

(3) Senior bonds include sewer revenue bonds issued by the Sewer System and any parity debt, none of which exists as of June 30, 2002.

(4) Subordinated bonds include revenue bonds issued by the Sewer System to the Virginia Water Facilities Revolving Fund and the Sewer System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 13 - Demographic Statistics
Last Ten Fiscal Years

	Estimated Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Residents with Bachelor's or Higher Degree and 25 Years of Age or Older (5)	Unemployment Rates (6)
1993	851,900	\$ 35,250	n/a	135,102	n/a %	3.3 %
1994	863,100	35,689	n/a	137,495	56.0	3.1
1995	879,400	38,055	35.0	140,097	n/a	2.8
1996	899,700	39,531	36.0	143,040	56.0	2.8
1997	912,100	41,910	n/a	145,805	n/a	2.3
1998	931,500	44,303	37.0	148,036	n/a	1.6
1999	946,400	46,829	n/a	151,418	n/a	1.6
2000	969,700	49,729	36.0	154,523	n/a	1.2
2001	984,400	52,224	n/a	158,331	n/a	2.3
2002 (projection)	999,600	54,670	n/a	161,385	n/a	n/a

- (1) Source: Fairfax County Department of Systems Management for Human Services, Research, Analysis and Project Services, 1993-2000, estimates U.S. Bureau of Census, 1990 Decennial Census.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce, 1993 - 1997 includes Fairfax City and Falls Church City. All data reflects revision based on the 1990 Decennial Census.
- (3) Fairfax County Department of Systems Management for Human Services, Research, Analysis and Project Services, 1994 and 1996 Household Surveys, U.S. Bureau of Census, 1990 Decennial Census, 1995 Fairfax-Falls Church Community Needs Assessment.
- (4) Revised figures from Fairfax County Public Schools, Office of Finance.
- (5) U.S. Bureau of Census, 1990 Decennial Census, Department of Systems Management for Human Services, Research, Analysis and Project Services Research Household Survey 1994 and 1996.
- (6) Virginia Employment Commission and Economic Information Services Division.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 14 - Construction and Property Values
Last Ten Fiscal Years

New Non-Residential Construction (2)		New Residential Construction (2)		Property Values (1)			
Permits Issued	Value	Permits Issued	Value	Real Estate	Personal Property	Public Service Corporations (3)	Tax Exempt Real Estate (4)
1993	249	\$ 252,184,670	6,029	\$ 595,966,778	\$ 67,192,565,816	\$ 5,641,162,613	\$ 1,812,976,588
1994	196	143,897,502	7,118	687,368,008	66,381,530,225	6,070,286,079	1,943,555,667
1995	199	126,710,738	7,078	613,991,830	66,912,058,915	6,775,449,832	2,015,186,528
1996	166	107,445,212	8,567	646,767,481	68,647,337,083	7,539,322,818	1,968,434,344
1997	174	135,280,541	6,159	562,992,823	70,510,846,660	8,257,430,131	2,085,658,510
1998	374	583,075,894	7,500	592,779,156	72,507,682,945	8,620,663,075	2,340,039,649
1999	293	422,293,000	8,601	679,858,000	75,497,346,160	9,070,825,332	2,515,568,628
2000	264	636,166,852	8,667	728,963,895	80,111,937,890	9,885,183,407	2,582,560,935
2001	258	502,247,551	6,767	613,342,434	87,334,092,583	10,820,524,466	2,893,923,463
2002	183	301,438,601	6,550	566,792,845	99,173,601,000	11,586,168,290	3,042,258,507

- (1) Source: Fairfax County Department of Tax Administration.
- (2) Source: Fairfax County Department of Public Works and Environmental Services.
Effective July 1997, the number of building permits issued for new residential construction exclude duplicated permits that result from the master file permit program.
- (3) Consists of \$846,936,463 real property and \$2,195,322,044 personal property in 2002.
- (4) Source: Fairfax County Department of Tax Administration. This value is determined on January 1 for the subsequent July 1 to June 30 fiscal year.

COUNTY OF FAIRFAX, VIRGINIA**TABLE 15 - Miscellaneous Statistical Data****As of June 30, 2002, unless otherwise indicated**

A. Date of establishment:	1742
B. Form of government:	Urban County Executive
C. Area, including land and water:	407 square miles
D. Miles of sanitary sewers:	3,213
E. Fire protection:	
1. Number of stations owned:	
a. County-operated fire and rescue stations	20
b. Volunteer fire and rescue stations	11
c. County-owned/volunteer participation stations	4
Total fire stations	<u>35</u>
2. Number of authorized positions:	1,197 uniform/104 civilian
F. Police protection:	
1. Number of authorized positions:	1,237 sworn/510 civilian
2. Number of police vehicles:	1,298
3. Number of helicopters:	2
4. Correctional operations (facilities and population):	
a. Number of authorized positions	451 sworn/92 civilian
b. Number of correctional facilities	2
Adult Detention Center (jail) capacity	<u>1,160</u> beds
Pre-Release Center (community corrections) capacity	<u>100</u> beds
Total capacity	<u>1,260</u> beds
c. Number of prisoners booked	52,742
G. Recreation:	
1. Number of County parks (including stream valleys):	386
2. Number of regional parks:	10 (1)
3. Number of acres in County parks:	21,615
4. Facilities in County parks:	

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Athletic fields	286	293	293	295	290	290
Trail miles	179	180	182	190	206	206
Garden plots	825	825	825	825	825	825
Play areas and tot lots	270	271	271	197	201	201
Tennis courts	250	252	252	222	222	222
Multi-use courts	117	118	138	135	143	143
Recreational centers	8	8	8	8	8	8
Golf courses	5	7	7	7	7	7
Historic sites	28	49	51	54	54	54
Nature/visitor centers	6	6	6	7	7	7
Marinas	3	3	3	3	3	3

H. Public education system:	
1. Number of public schools:	
a. Elementary	132
b. Middle	21
c. High/Secondary	24
d. Special education centers	24
e. Alternative high schools	3
2. Number of personnel:	20,510
3. Number of students:	161,385

I. Number of street lights:50,382

J. Number of authorized County positions:

1. General fund9,279

2. General fund supported1,264

3. Other funds842

Total11,385

K. Population:

1. Census population count for last three censuses:

a. 2000 census population count969,749

b. 1990 census population count818,584

c. 1980 census population count596,901

2. Age distribution of population:

Age Group	1980	1990	2000
Less than 5	38,326	57,892	67,781
5 - 9	45,307	55,698	70,076
10 - 14	54,936	53,112	68,544
15 - 19	54,754	54,207	59,762
20 - 24	47,646	59,425	52,425
25 - 34	112,191	158,602	150,257
35 - 44	98,037	158,119	178,871
45 - 54	70,151	107,709	157,350
55 - 64	48,564	60,276	87,865
65 and over	26,989	53,544	76,818
Total	596,901	818,584	969,749

3. Median household income last three censuses: (2)

a. 2000 census median household income\$ 82,000

b. 1990 census median household income57,000

c. 1980 census median household income30,000

4. Per capita income last three censuses: (2)

a. 2000 per capita income\$ 49,729

b. 1990 per capita income29,857

c. 1980 per capita income14,419

- (1) Includes Parks of the Northern Virginia Regional Park Authority, the Commonwealth of Virginia and the U.S. Department of Interior.
- (2) Source: Bureau of Economic Analysis, U.S. Department of Commerce and U.S. Bureau of Census.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 16 - Continuing Bond Disclosure Supplementary Data

As of June 30, 2002, unless otherwise indicated

The following data, in addition to data presented elsewhere in this report, are presented to satisfy continuing disclosure requirements relative to certain outstanding bond issues.

A. Largest private employers:

Company	Type of Business	County Employment Range
1 Inova Health System	Health Services	9,000-10,000
2 Science Applications International Corporation	Engineering, Accounting & Research & Research Management Services	5,000-6,000
3 Booz-Allen & Hamilton, Inc.	Business Services	4,000-5,000
4 Lockheed Martin Corporation	Business Services/ Transportation Equipment	3,000-4,000
5 American Management Systems, Inc.	Business Services	3,000-4,000
6 Raytheon Company	Business Services/ Manufacturing	3,000-4,000
7 Northrup Grumman	Business Services	3,000-4,000
8 Federal Home Loan Mortgage Association	Nondepository Credit Institutions	3,000-4,000
9 Nextel Communications, Inc.	Communications	3,000-4,000
10 Navy Federal Credit Union	Depository Institutions	2,000-3,000
11 Electronic Data Systems Corporation	Business Services	2,000-3,000
12 Exxon Mobil Corporation	Petroleum Refining & Related Industries	2,000-3,000
13 Sprint	Communications	2,000-3,000
14 TRW, Inc.	Engineering, Accounting & Research Services/ Transportation Equipment	2,000-3,000
15 Verizon	Communications	2,000-3,000
16 Accenture	Business Services	2,000-3,000
17 Cable & Wireless, Inc.	Communications	2,000-3,000
18 PriceWaterHouseCoopers	Business Services	2,000-3,000
19 The Mitre Corporation	Engineering, Accounting & Research Services	2,000-3,000

Source: Fairfax County Economic Development Authority and Fairfax County Department of Management and Budget

Note: Employment estimates for separate facilities of the same firm have been combined. Employment ranges are given to ensure confidentiality.

B. Businesses and employment by industry: (1)

Industrial Classification	Number of Establishments	Employment
Agriculture	440	5,689
Manufacturing	499	15,078
Mining	4	96
Wholesale Trade	1,750	22,192
Construction	2,196	30,324
Transportation, Communications, Utilities	959	33,565
Retail Trade	4,176	82,631
Services (2)	15,750	247,147
Finance, Insurance, Real Estate	2,616	35,178
Local/State/Federal Government	207	67,019
Total	28,597	538,919

Source: Virginia Employment Commission - 4th Quarter FY2001

Source: Fairfax County Economic Development Authority and Fairfax County Department of Management and Budget.

(1) Excludes self-employed business owners.

(2) The Services category includes computer-related services, health care, legal, personal, engineering and architects, and other services, as well as membership organizations and trade associations.

C. New or expanded employment:

Name of Company	Nature of Operations	Square Footage	Projected New Employment
Gannett Co.	Communications Services	842,400	1,700
SRA International	Information Technology	35,000	700
Cox Communications	Communications Services	124,200	500
SevenSpace	Information Technology	30,000	380
U.S. Drug Enforcement Agency	Federal Government	71,000	280
MITRE Corp.	Research & Development	n/a	250
Ocular Networks	Information Technology	41,000	235
Integic	Information Technology	25,000	200
Pillsbury Winthrop, LLP	Legal Services	83,300	190
Air Traffic Management	Communications Services	120,000	150
Biovail	Biotechnology	n/a	130
Optisphere	Information Technology	50,000	100
HandySoft	Information Technology	12,000	90
XtremeSpectrum	Telecommunications	16,000	80
Anteon Corp.	Information Technology	45,000	50
Calibre Systems	Information Technology	80,500	32

Source: Fairfax County Economic Development Authority, 2001 Annual Report

D. Commercial-industrial percentage of the total assessed value of real property:

Fiscal Year (1)	Percent (2)
1993	22.82 %
1994	20.94
1995	19.58
1996	19.04
1997	19.56
1998	20.47
1999	21.84
2000	24.32
2001	25.37
2002	24.84

Source: Fairfax County Department of Tax Administration.

(1) Fiscal year property taxes are levied on prior year assessments.

(2) Includes the Towns of Vienna, Herndon and Clifton.

E. Housing units by type of structure:

	1970		1980		1990		2001	
	No.	%	No.	%	No.	%	No.	%
Single Family:								
Detached	91,134	69.7	125,580	59.3	163,029	53.9	182,655	50.3
Attached	6,427	4.9	30,833	14.6	67,306	22.3	88,799	24.4
Multi-Family	33,207	25.4	55,333	26.1	72,129	23.8	91,879	25.3
Total	130,768	100.0	211,746	100.0	302,464	100.0	363,333	100.0

Source: 1970 U.S. Bureau of the Census, U.S. Census of Housing, 1980, 1990 and 1998 data were provided by the Fairfax County Department of Systems for Management for Human Services, Research, Analysis and Project Services.

Note: Single-family detached includes all single-family homes and mobile homes. Single-family attached includes duplexes, townhouses and multiple units. Multi-family includes garden and elevator units.

continued

TABLE 16 - Continuing Bond Disclosure Supplementary Data
As of June 30, 2002, unless otherwise indicated

F. Per capita taxable sales:

Fiscal Year	Taxable Sales (in billions) (1)	Population (2)	Per Capita Taxable Sales
1992	\$ 6.58	837,100	\$ 7,862
1993	7.47	851,900	8,771
1994	7.96	863,100	9,201
1995	8.31	879,400	9,453
1996	8.50	899,700	9,448
1997	9.40	912,100	9,910
1998	9.65	931,500	10,357
1999	10.62	946,400	11,219
2000	11.32	969,700	11,676
2001	11.01	984,400	11,026

(1) Source: Commonwealth of Virginia Department of Taxation.

(2) Source: Fairfax County Department of Systems Management for Human Services, Research, Analysis and Project Services.



The South County Government Center opened on June 15, 2002. The Center, located in the Mount Vernon District, provides an additional venue to bring social services, mental health, and other essential programs and services to County citizens. This project demonstrates the County's commitment to bring government to the people.



The Mount Vernon High School Marine Corps Junior ROTC led the ceremonies at the ribbon cutting for the South County Government Center.